Financial Services
Commission
of Ontario

ANNUAL REPORT
FINANCIAL SERVICES COMMISSION OF ONTARIO
2012–2013

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Message from the Chair

John M. Solursh
Chair
Financial Services Commission of Ontario
Financial Services Tribunal

We are pleased to present the Financial Services Commission of Ontario (FSCO)'s 2012–2013 Annual Report. Through this annual publication, FSCO reports back to the public, the regulated sectors and the government on how it has fulfilled its mission over the previous 12 months.

An integrated regulatory agency reporting to the Ministry of Finance, FSCO oversees pension plans, insurance, mortgage brokering, credit unions and caisses populaires, co-operatives corporations, and loan and trust companies in Ontario.

These sectors are important in Ontario's economy. Ontario pension plans have more than 3.8 million members — including retirees — and generate retirement income through assets valued at $417 billion. Insurance is a $41 billion a year business in Ontario, helping families and businesses manage risks. Credit unions and caisses populaires hold more than $37 billion in assets and provide savings, loans and other financial services to 1.5 million Ontarians.

FSCO's legislative mandate is to provide regulatory services that protect the public interest and enhance public confidence in the sectors it regulates. FSCO's objectives include protecting consumers, increasing compliance with laws and regulations, and supporting a healthy and competitive financial services marketplace.

The Environment

Ontario's economy continues to be affected by Canadian and global economic forces. During the year, growth was moderate.

While 2012 was a better year for pension plan investment returns, low interest rates, volatile equity markets and risks associated with longevity continued to place pressure on defined benefit plans.

Fraud and abuse remain ongoing issues and add pressure to Ontario's auto insurance system which, if left unchecked, will contribute to rising premiums for the province's nine million drivers.

Evolving consumer expectations continue to impact product development and distribution in our regulated sectors as well as the ways in which businesses and regulators communicate with consumers. Consumers increasingly expect to be able to complete transactions through a wide variety of mobile devices and to interact with businesses and regulators through many different channels.

Globally, the financial services regulatory environment continues to evolve. Changing regulatory standards and expectations around regulatory outcomes underpin an increased need for an effective risk-based approach to regulating financial services.

Risk-Based Supervision

FSCO's risk-based regulatory approach allows us to allocate resources toward identifying situations that pose the highest risks to consumers.

This year, we conducted an organization-wide risk-based regulatory assessment of all of our current processes, created an inventory of all information currently available to FSCO for the purposes of risk monitoring and assessment, and identified opportunities for risk-based processes where they did not exist.

FSCO's risk-based regulatory framework informs our modernization of regulatory instruments and mechanisms.

Modernizing Insurance Regulation

To modernize Ontario's financial regulation and regulatory practices, in the 2012 Ontario Budget, the government committed to implementing Administrative Monetary Penalties (AMPs) in the insurance sector, providing FSCO with an additional enforcement tool and greater control to respond appropriately to non-compliance in the insurance sector.

An AMP can apply to unfair or deceptive acts or practices by any individual or business including insurers, agents, brokers, adjusters and those involved in the provision of goods and services to insurance claimants.

FSCO helped the Ministry of Finance develop the new regulations providing for AMPs in the insurance sector, which came into force on January 1, 2013.

Efficient, Effective, Transparent

To support and transform the way we deliver regulatory services, we have been developing a centralized web-based platform to provide stakeholders with one-window access to manage all of their dealings with FSCO. This initiative will improve our overall performance and reshape our entire service delivery model in 2014.

As part of our commitment to modernizing our regulatory services, we continued to develop service standards in consultation with affected stakeholders. New service standards and performance results for existing standards were published in 2012. We will continue to develop service standards in phases, monitor performance regularly and report results annually.

and the Chief Executive Officer

Focusing on Auto-Insurance

The Ontario government continues to focus on reducing costs and fraud in the auto insurance system. Major initiatives announced in the past two Ontario budgets included the establishment of an Auto Insurance Anti-Fraud Task Force and a heightened focus on an evidence-based approach for the treatment and recovery of auto accident injuries.

As an early response to some of the recommendations outlined in the Task Force's final report, FSCO worked with the Ministry of Finance to develop and implement amendments to three Insurance Act regulations in January 2013. These changes will come into force on June 1, 2013 and increase the role and responsibilities of claimants, insurers and healthcare providers in fraud prevention.

Additionally, the government announced a number of longer-term initiatives as part of the September 2010 auto insurance reforms to support greater rate stability going forward. These initiatives focused on the accident benefits system and were based on the presumption that using scientific, medical evidence and treatment outcome based approaches was the best way to determine appropriate benefits for accident victims.

In 2012, FSCO retained the services of medical and scientific experts to develop a medical evidence-based Minor Injury Treatment Protocol for the most common injuries resulting from motor vehicle accidents. This initiative was in keeping with the government's direction to ensure that, where possible, insurance regulations reflect the most relevant science on identifying and treating injuries from automobile accidents.

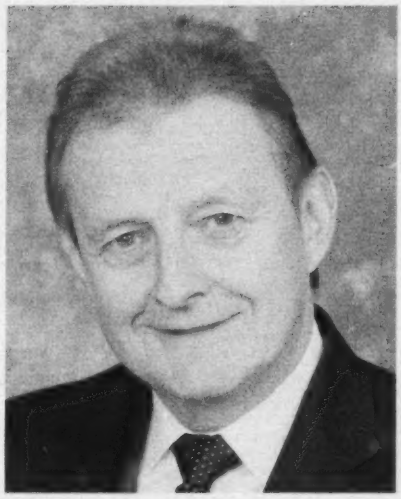
Mediation is a mandatory first step in the disputes over statutory accident benefits arising out of auto accidents. An unprecedented increase in Applications for Mediation between 2007 and 2012 resulted in a major backlog of mediation files. In 2012, we implemented a number of initiatives, including the development of an online scheduling system and the use of an external dispute resolution service provider, which significantly reduced the backlog of mediation files in the dispute resolution services system. As a result, the backlog is expected to be completely eliminated by the end of 2013.

Fostering National Regulatory Coordination

In 2012, FSCO worked with mortgage broker regulators across Canada to create the Mortgage Broker Regulators' Council of Canada (MBRCC). The MBRCC provides a forum for mortgage broker regulators to work together on common regulatory issues and promote harmonization of regulatory practices. It is increasingly important for regulators to work together to address common jurisdictional issues. During 2012-2013, FSCO participated actively in the Canadian Association of Pension Supervisory Authorities (CAPSA), the Canadian Automobile Insurance Rate Regulators Association (CARR), the Canadian Council of Insurance Regulators (CCIR), the General Insurance Statistical Agency (GISA) and the Joint Forum of Financial Market Regulators (Joint Forum).

An Integrated Approach

The results outlined in this report are a foundation for progress. Continued support for effective interjurisdictional collaboration will be a hallmark of FSCO's regulatory efforts in the coming years. FSCO will keep working with the government to implement changes in the areas of fraud prevention, detection and reporting. We will keep strengthening our risk-based approach to regulation, measure performance, and ensure alignment with the international standards for market conduct regulation. FSCO will continue to provide robust regulatory services to protect the public interest and enhance public confidence in the regulated sectors.



Philip Howell
Chief Executive Officer and Superintendent of Financial Services
Financial Services Commission of Ontario

John M. Solursh
Chair, Financial Services Commission of Ontario
Chair, Financial Services Tribunal

Philip Howell
Chief Executive Officer and
Superintendent of Financial Services
Financial Services Commission of Ontario

About FSCO

The Financial Services Commission of Ontario (FSCO) is a regulatory agency accountable to the Minister of Finance, established by the Financial Services Commission of Ontario Act, 1997 (FSCO Act). FSCO is an integrated regulator, which oversees insurance, pension plans, mortgage brokering, credit unions and caisses populaires, co-operative corporations, and loan and trust companies in Ontario.

FSCO has a legislative mandate to provide regulatory services that protect the public interest and enhance public confidence in the regulated sectors. As an organization, it is committed to being a progressive and fair regulator, supporting a healthy and competitive financial services marketplace.

WHO WE REGULATE

As of March 31, 2013, FSCO regulated or registered:

- 342 insurance companies
- 7,524 pension plans
- 137 credit unions and caisses populaires
- 56 loan and trust corporations
- 1,145 mortgage brokerages
- 2,549 mortgage brokers
- 9,503 mortgage agents
- 110 mortgage administrators
- 1,757 co-operative corporations
- 46,803 insurance agents
- 4,877 corporate insurance agencies
- 1,515 insurance adjusters

STATUTES AND REGULATIONS WE ADMINISTER

- Financial Services Commission of Ontario Act
- Automobile Insurance Rate Stabilization Act
- Insurance Act
- Compulsory Automobile Insurance Act
- Prepaid Hospital and Medical Services Act
- Registered Insurance Brokers Act
- Motor Vehicle Accident Claims Act
- Co-operative Corporations Act
- Credit Unions and Caisses Populaires Act
- Loan and Trust Corporations Act
- Mortgage Brokerages, Lenders and Administrators Act
- Pension Benefits Act

GOVERNANCE AND ACCOUNTABILITY

Commission Membership and Purposes

FSCO is comprised of a five-member Commission, the Superintendent of Financial Services and staff.

Appointments to the Commission are made in accordance with the guidelines established by Ontario's Public Appointments Secretariat.

The Commission meets quarterly and reviews and approves key planning, strategic and accountability documents, including FSCO's Agency Business Plan, Results-Based Plan, Risk Mitigation Plan, Statement of Priorities and Annual Report. Commission members are also invited to attend FSCO's Audit and Risk Committee meetings.

FSCO has established a series of on-going internal committees on various policy and operational issues, which play a key role in FSCO's day-to-day activities. Internal steering committees have also been created to guide key projects that involve different units or affect a number of areas within FSCO.

Members of the Commission			
Name	**Position**	**Tenure**	
Solursh, John M.	Chair	February 25, 2005	August 7, 2014
Shilton, Elizabeth*	Vice-Chair	February 1, 2013	January 31, 2015
Holden, Florence A.	Vice-Chair	October 2, 2007	September 5, 2017
Golfetto, Tom	Director of arbitrations	May 4, 2009	May 3, 2014
Howell, Philip	CEO and Superintendent of Financial Services	August 19, 2009	N/A

** Anne Corbett's appointment as Vice-Chair ended August 8, 2012.*
Elizabeth Shilton was appointed Vice-Chair on February 1, 2013.

Superintendent and Staff

The Superintendent of Financial Services administers and enforces the FSCO Act and all other Acts that confer powers on or assign duties to the Superintendent. All FSCO staff report directly or indirectly to the Superintendent. FSCO staff, who are public servants under the Public Service of Ontario Act, 2006 perform FSCO's day-to-day work.

Under the FSCO Act, the powers and duties of the Superintendent of Financial Services include:

- generally supervising the regulated sectors;
- administering and enforcing the FSCO Act and every other Act that confers powers on or assigns duties to the Superintendent; and
- being responsible for FSCO's financial and administrative affairs.

Financial Services Tribunal

Established by the FSCO Act, the Financial Services Tribunal (FST) is an expert, independent adjudicative body. For more information on the FST, refer to page 21 of the Annual Report.

Governance and Management Processes

The foundation for FSCO's corporate governance is provided by the Management Board of Cabinet's Agency Establishment and Accountability Directive (AEAD) and the Memorandum of Understanding (MOU) between the Minister of Finance, the Chair of the Commission and the Superintendent of Financial Services/ Chief Executive Officer.

The AEAD sets out the process for establishing a new agency classified under the directive, the accountability framework governing agencies and ministries in the operation of agencies, and uses a risk-based approach in managing agency accountability.

The MOU outlines the accountability framework between the Minister and FSCO, establishes tools for governance and accountability and explains roles, relationships and mutual expectations. The MOU is updated every five years or more often if necessary.

Financial Reporting

As an Ontario government agency, FSCO receives an annual spending authority through the government planning process, based on needs and government priorities. FSCO files quarterly reports on its spending. The Office of the Auditor General of Ontario audits FSCO's annual financial statements.

Performance Management Framework

FSCO's Performance Management Framework ensures greater transparency, accountability and value-for-money. It ensures that FSCO measures performance and focus on results that matter, and that it defines success and delivers on outcomes.

Human and Fiscal Resources

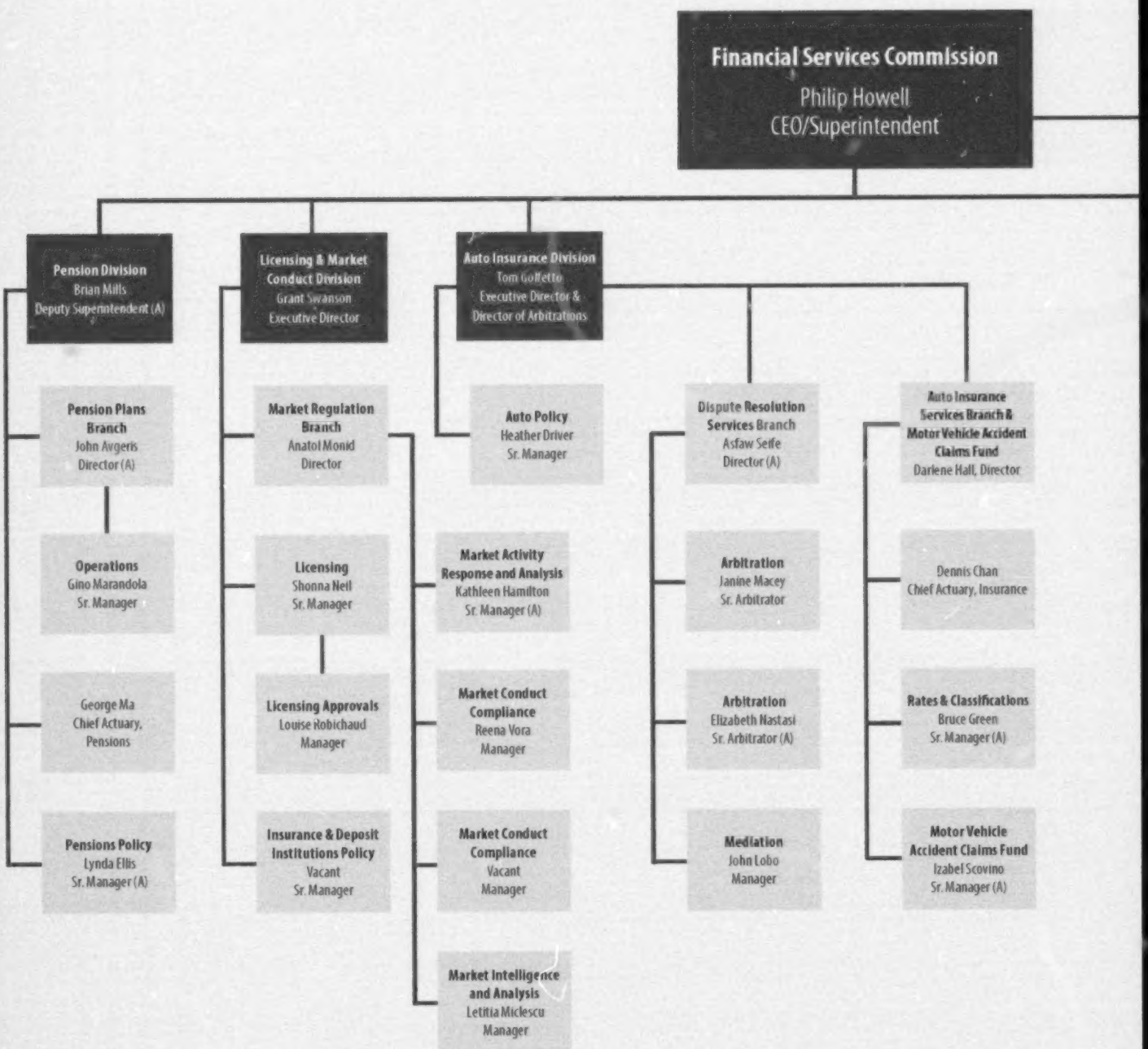
On March 31, 2013, FSCO had a staff complement of 480. This total does not include Legal Services staff who are employees of the Ministry of the Attorney General.

In 2012–2013, FSCO's expenditures totaled $72.62 million.

Recovering FSCO's Costs

FSCO's costs are recovered from the regulated sectors through a combination of assessments and fees. Under the FSCO Act, the Lieutenant Governor in Council may assess all entities that form part of a regulated sector with respect to expenditures incurred by the Ministry of Finance, the Commission and the FST. The Minister of Finance is authorized to establish fees with respect to the regulated services provided by FSCO.

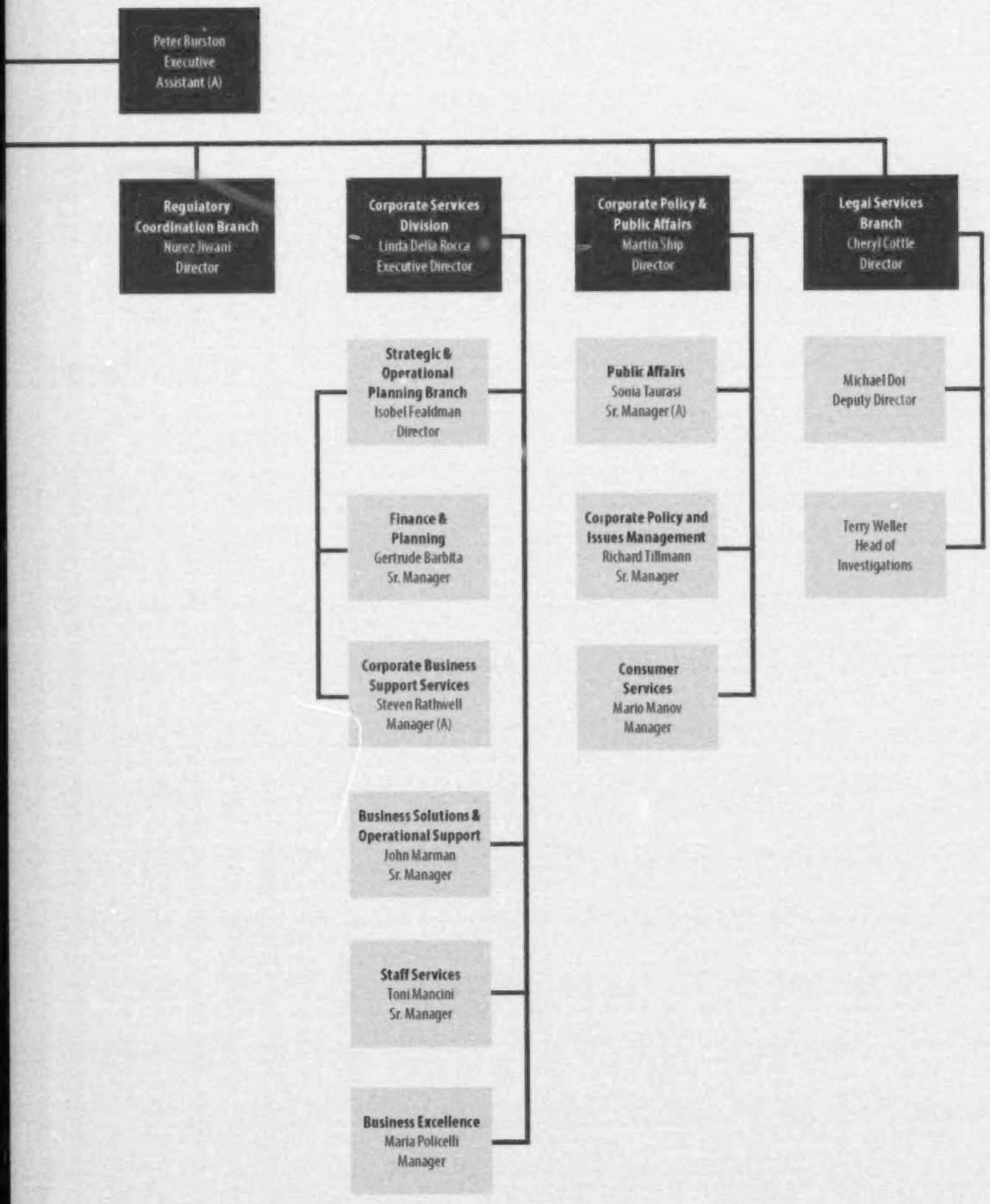
Financial Services Commission of Ontario



Organizational Chart

(Effective March 31, 2013)

Ontario



The Regulated Sectors in Profile

Together, the financial services sectors regulated by FSCO represent a large, stable and dynamic industry that underpins Ontario's economy and quality of life. The industry delivers products and services that support the financial security of individuals and families and the financial stability of businesses and other organizations.

PENSION PLANS

FSCO regulates the following types of pension plans registered in Ontario:

- Defined benefit plans, which provide a pre-determined level of benefits during retirement;
- Defined contribution plans, which provide benefit payments based on the amount of pension that can be purchased with the accumulated contributions, plus investment returns;
- Multi-employer pension plans (MEPPs), which allow two or more unrelated employers to contribute to a single pension fund and recognize a member's service with all participating employers when determining benefits. MEPPs have usually been established in industries or trades where workers change employers frequently but have a common union affiliation (for example, carpenters or painters). The benefits provided under a MEPP can be either defined benefit or defined contribution. While most MEPPs have been created through collective agreements, some have been established by statute or municipal by-law. In MEPPs created through collective agreements that provide defined benefits, the defined benefits may be reduced if there are funding shortfalls
- Jointly sponsored pension plans (JSPPs) are pension plans where the employer (or employers) and the members jointly share responsibility for the plan, including plan governance and the funding of any deficits as they arise. JSPPs can be either single employer or multi-employer plans. Currently, most JSPPs are very large public sector plans, such as those for teachers or municipal workers.

Some defined benefit plans are hybrid plans combining defined benefit and defined contribution provisions, or providing the greater of a defined benefit or defined contribution provision.

Employment pension plans registered in Ontario must meet minimum standards for administration and funding under the Pension Benefits Act and regulations. FSCO monitors and enforces compliance with the legislation and regulations and advises the government on pension issues. As well, FSCO administers a guarantee fund that protects a minimum level of benefits in most private single employer defined benefit plans if the employer is insolvent.

Ontario-Registered Active Pension Plans and Membership

Pension Plan Type	As of March 31, 2013		As of March 31, 2012	
	#	% of Total	#	% of Total
Single Employer Plans*	**7,396**	**98%**	**7,646**	**98%**
Defined Benefit Plans*	4,241	56%	4,419	57%
Members**	1,343,000	35%	1,283,000	34%
– Active Members***	684,000	32%	661,000	31%
– Retired Members, Deferred Members and Other Beneficiaries****	659,000	39%	622,000	37%
Defined Contribution Plans*	3,155	42%	3,227	41%
Members**	403,000	11%	399,000	11%
– Active Members***	345,000	16%	343,000	16%
– Retired Members, Deferred Members and Other Beneficiaries****	58,000	3%	56,000	3%

Ontario

Ontario-Registered Active Pension Plans and Membership				
Pension Plan Type	**As of March 31, 2013**		**As of March 31, 2012**	
	#	**% of Total**	**#**	**% of Total**
Multi-Employer Plans*	**118**	**2%**	**118**	**2%**
Defined Benefit Plans*	77	1%	77	1%
Members**	836,000	22%	822,000	22%
– Active Members***	367,000	17%	365,000	17%
– Retired Members, Deferred Members and Other Beneficiaries****	469,000	28%	457,000	27%
Defined Contribution Plans*	41	1%	41	1%
Members**	62,000	0%	56,000	1%
– Active Members***	38,000	2%	32,000	1%
– Retired Members, Deferred Members and Other Beneficiaries****	24,000	1%	24,000	1%
Jointly Sponsored Plans*	**10**	**0%**	**11**	**0%**
Defined Benefit Plans*	10	0%	11	0%
Members**	1,199,000	32%	1,255,000	33%
– Active Members***	701,000	33%	732,000	34%
– Retired Members, Deferred Members and Other Beneficiaries****	498,000	29%	522,000	31%
Total Pension Plans*	**7,524**	**100%**	**7,775**	**100%**
Total Members**	3,843,000	100%	3,815,000	100%
– Active Members***	2,133,000	100%	2,134,000	100%
– Retired Members, Deferred Members and Other Beneficiaries****	1,709,000	100%	1,681,000	100%

* *Percentages are expressed as a percentage of the total number of Plans.*

** *Percentages are expressed as a percentage of the total number of Members in all Plans.*

*** *Percentages are expressed as a percentage of the total number of Active Members in all Plans.*

**** *Percentages are expressed as a percentage of the total number of Retired Members, Deferred Members and Other Beneficiaries in all Plans.*

Notes: *(1) Membership numbers rounded to the nearest thousand.*

(2) Percentages may not add up due to rounding.

(3) Data on defined benefit plans includes hybrid/combination plans with both defined benefit and defined contribution components.

(4) Percentages for JSPPs are reported as zero as they represent less than 0.1%.

Ontario Pension Plans and Membership 2004–2013										
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Total Pension Plans	6,254	6,518	6,913	7,539	7,764	7,848	7,835	7,774	7,775	7,524
Total Members (in '000)	3,363	3,366	3,516	3,615	3,713	3,776	3,837	3,769	3,815	3,843
Active Members (in '000)	2,025	2,056	2,093	2,104	2,130	2,168	2,184	2,118	2,134	2,133
Retired Members, Deferred Members, Other Beneficiaries (in '000)	1,337	1,309	1,422	1,511	1,583	1,608	1,653	1,651	1,681	1,709

Pension Plan Transactions Processed by FSCO

Under the Pension Benefits Act, the Superintendent of Financial Services makes regulatory decisions on various pension plan transactions, from initial registration to full wind-up. The following table lists key plan transactions dealt with by FSCO.

Transaction Type	2012–13	2011–12
New Plans Registered		
Single Employer Plans		
Defined Benefit	113	195
Defined Contribution	55	92
Multi-Employer Plans		
Defined Benefit	–	–
Total	**168**	**287**
Plan Amendments Registered	**2,184**	**1,859**
Full Wind-Ups Processed		
Single Employer Plans		
Defined Benefit	209	193
Defined Contribution	111	111
Multi-Employer Plans		
Defined Contribution	1	1
Total	**320**	**305**
Partial Wind-Ups Processed		
Single Employer Plans		
Defined Benefit	26	19
Defined Contribution	17	21
Multi-Employer Plans		
Defined Benefit	4	1
Defined Contribution	8	5
Total	**55**	**46**
Plan Mergers/Asset Transfers Processed		
Single Employer Plans		
Defined Benefit	24	24
Defined Contribution	43	33
Multi-Employer Plans		
Defined Benefit	1	1
Defined Contribution	–	1
Jointly Sponsored Plans		
Defined Benefit	–	–
Defined Contribution	–	1
Total	**69**	**70**
Surplus Refunds to Employers on Full Wind-Up Applications Processed		
Single Employer Plans		
Defined Benefit	2	7
Defined Contribution	–	–
Total	**2**	**7**
Surplus Refunds to Employers on Partial Wind-Up Applications Processed		
Single Employer Plans		
Defined Benefit	5	4
Total	**5**	**4**

Financial Hardship Unlocking

Funds transferred from a registered pension plan into a locked-in account can normally be used only for retirement income. However, locked-in account holders are permitted to withdraw money in cases of financial hardship, with the consent of the Superintendent of Financial Services.

The 2012 Ontario Budget announced changes to align FSCO's financial hardship unlocking program for pensions with other special provisions for access to locked-in accounts. Applications are to be made directly to financial institutions starting January 1, 2014. FSCO is preparing new application forms, user guides for applicants and financial institutions, answers to frequently-asked questions, and webcasts that will explain how an application should be made and processed.

Financial Hardship Unlocking Applications Processed by FSCO	2012–13	2011–12
Applications Approved	14,068	13,546

Pension Benefits Guarantee Fund

The Pension Benefits Guarantee Fund (PBGF) protects a minimum level of benefits for Ontario members and beneficiaries of most single employer defined benefit pension plans, should the plan sponsor become insolvent. The Superintendent of Financial Services is responsible for the administration of the PBGF, which is established under the Pension Benefits Act.

Pension plans with guaranteed benefits pay an assessment into the PBGF. The total liability of the PBGF is limited to the assets of the fund, including any loans or grants received from the province. The Office of the Auditor General of Ontario audits the PBGF's annual financial statements.

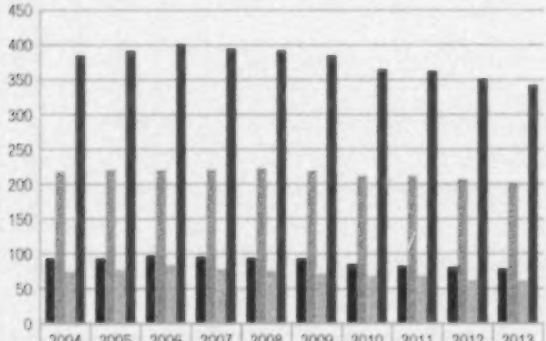
Pension Benefits Guarantee Fund Claims Paid During the Year	2012–13	2011–12
Number of Pension Plan Claims	19	17
Total Amount Paid	$42,599,200	$442,596,757

INSURANCE

Most insurance business in Ontario is conducted by federally incorporated companies that are subject to prudential regulation by the federal Office of the Superintendent of Financial Institutions (OSFI).

Prudential regulation of provincially-incorporated companies licensed to do business in Ontario is overseen by the regulators for the provinces in which they are incorporated. The number of Ontario-incorporated insurance companies has been steadily declining. Over the past few years, numerous Ontario-incorporated insurers have ceased operations or continue under federal or Quebec law for operational or strategic reasons. FSCO's focus is on market conduct reviews and assessment.

Insurance Companies in Ontario, 2004–2013



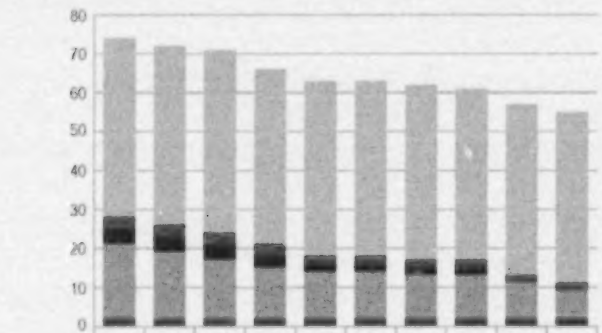
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Life	93	93	97	95	94	93	85	82	81	78
Property & Casualty	217	221	220	221	222	219	212	212	207	202
Other	74	77	84	78	76	72	68	68	62	62
Total	384	391	401	394	392	384	365	362	350	342

Note: includes reciprocal insurance exchanges.

The Registered Insurance Brokers of Ontario

The Registered Insurance Brokers of Ontario (RIBO) is a self-governing, self-supporting organization of general insurance brokers in Ontario that administers the Registered Insurance Brokers Act. It regulates the licensing, professional competence, ethical conduct and insurance related financial obligations of all independent general insurance brokers in the province of Ontario. In Ontario, FSCO licenses general insurance agents. RIBO licenses persons employed by insurance brokers. The Superintendent has the responsibility to ensure that RIBO is fulfilling its regulatory responsibilities, and conducts an annual examination of its affairs and reports the results to the Minister. For more information, visit RIBO's website.

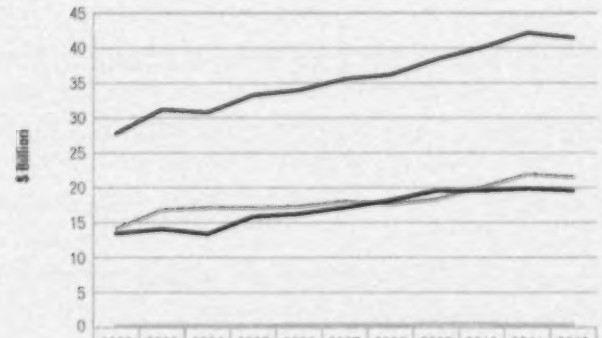
Ontario Incorporated / Organized Insurers, 2004–2013



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Farm Mutuals	46	46	47	45	45	45	45	44	44	44
Fraternals	3	3	3	3	2	2	2	2	2	2
Life	4	4	4	3	2	2	2	2	0	0
Property & Casualty	19	17	15	13	12	12	11	11	9	7
Reinsurers	2	2	2	2	2	2	2	2	2	2

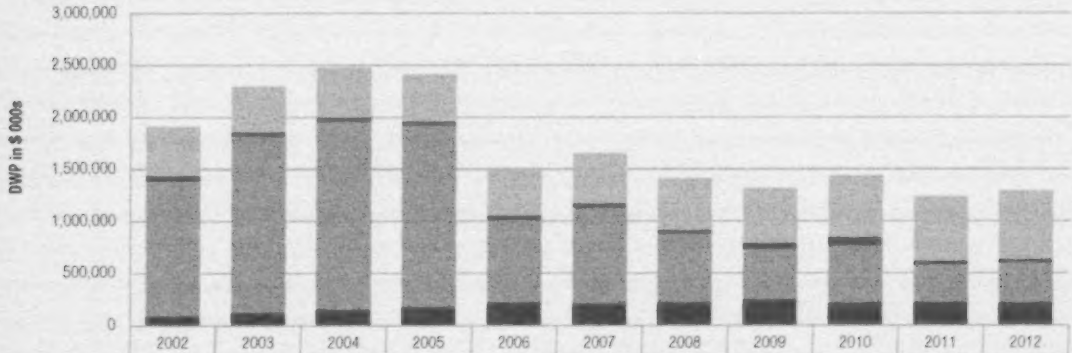
Note: Reciprocals are unincorporated entities.

Direct Written Insurance Premiums in Ontario, 2002–2012



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Life	13.4	14	13.3	15.8	16.2	17.1	18.1	19.5	19.5	19.8	19.5
Property & Casualty	14.1	16.8	17.1	17.1	17.3	18	17.6	18.3	20	21.9	21.5
Other	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.5	0.5	0.38	0.37
Total	27.7	31.1	30.7	33.2	33.9	35.5	36.1	38.3	40	42.1	41.4

Ontario Incorporated Insurers, Direct Written Premiums, 2002–2012



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Farm Mutuals	479,615	447,852	486,246	461,219	466,932	493,896	499,863	536,971	598,577	623,723	663,090
Fraternals	33,459	32,478	32,845	30,509	32,433	33,139	29,627	49,350	72,346	33,708	33,201
Life	6,688	7,021	6,232	5,785	4,895	4,572	4,256	4,058	4,459	0	0
Property & Casualty	1,302,710	1,690,853	1,808,616	1,741,461	795,788	920,156	662,070	484,570	546,643	361,016	383,808
Reciprocals	87,692	119,952	144,953	174,707	215,335	204,534	215,075	242,692	214,214	214,835	211,009

AUTO INSURANCE

Automobile insurance is compulsory for drivers in Ontario, as a result of the Compulsory Automobile Insurance Act. FSCO reviews and approves automobile insurance rates, risk classification systems and underwriting rules for denial of coverage, as well as endorsements, forms and rate manuals. FSCO also advises the government on the need for changes to auto insurance legislation and regulations, and works with stakeholders to improve the system's operation.

In response to some of the recommendations outlined in the final report of the Auto Insurance Anti-Fraud Task Force, FSCO worked with the Ministry of Finance to develop and implement amendments to three Insurance Act regulations in January 2013. For more information, refer to FSCO's 2013 Statement of Priorities.

Automobile Insurance Filings Processed		
Type	**2012–13**	**2011–12**
Private Passenger Auto Rate Filings		
Auto Reform*	–	–
Major	36	80
Simplified**	21	12
CLEAR***	45	5
Fees****	–	–
Total	**102**	**97**

Automobile Insurance Filings Processed		
Type	**2012–13**	**2011–12**
Non-Private Passenger Auto Rate Filings		
Auto Reform*	–	–
Non-Auto Reform	35	73
Total	**35**	**73**
Underwriting Rule Filings	35	69
Endorsement Filings	36	44
Form Filings	20	83
Rate Manual Filings	140	136

* *Required filings in 2010 to implement auto reforms.*

** *Insurers may submit a simplified filing where certain criteria, including a rate reduction proposal, are met. Only summary information is required in a simplified filing, whereas a major filing requires detailed actuarial information.*

*** *The Canadian Loss Experience Automobile Rating (CLEAR) system groups vehicles according to their actual claims experience. Almost all companies that write PPA policies use CLEAR. Due to the timing of auto insurance reforms and the volume of filings, FSCO did not approve CLEAR tables in 2010. FSCO approved the 2011 CLEAR tables and insurers were required to submit CLEAR filings by April 30, 2012.*

**** *Fee Filings are submitted when the company is proposing to make changes to fees or add new ones.*

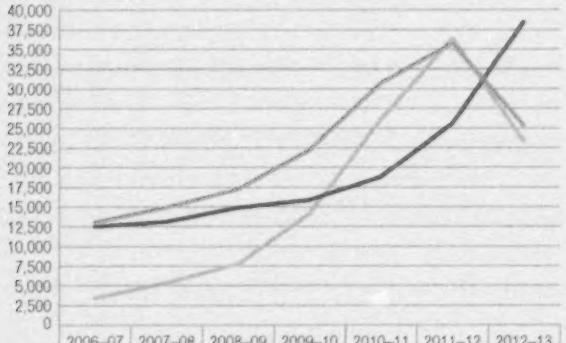
Dispute Resolution Services Activities

FSCO's dispute resolution services are an integral part of Ontario's no-fault automobile insurance system. Mediation is compulsory where a claimant and insurer disagree about entitlement to statutory accident benefits or the amount of benefits. If mediation fails, they can go to arbitration or the courts.

Services include mediation, arbitration, neutral evaluation, appeal, and variation or revocation of an arbitration or appeal order.

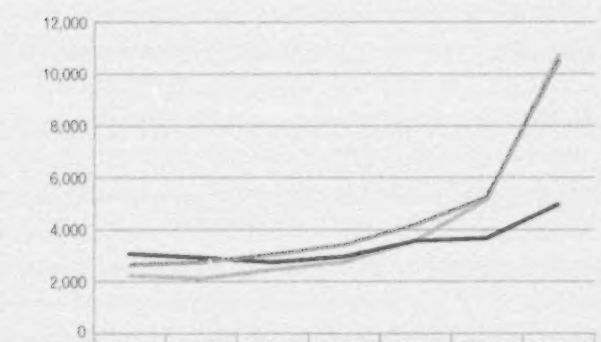
Dispute Resolution Services Activity	2012–13	2011–12
Mediation		
New Applications Received	25,317	35,734
Cases Closed	38,434	25,473
Settlement Rate – Full	51%	65%
Settlement Rate – Partial	6%	5%
Arbitration		
New Applications Received	10,511	5,252
Cases Closed	4,961	3,663
Settled	4,670	3,429
Decisions Issued	187	149
Appeals		
New Applications Received	49	28
Cases Closed	54	24
Settled	14	13
Decisions Issued	68	20

Mediation-Intake, Closed and Pending, 2006–07 to 2012–13



	2006–07	2007–08	2008–09	2009–10	2010–11	2011–12	2012–13
Intake	13,053	14,920	17,233	22,219	30,747	35,734	25,317
Closed	12,498	13,094	14,852	15,826	18,762	25,473	38,434
Pending	3,439	5,329	7,728	14,116	26,101	36,360	23,311

Arbitration-Intake, Closed and Pending, 2006–07 to 2012–13



	2006–07	2007–08	2008–09	2009–10	2010–11	2011–12	2012–13
Intake	2,645	2,740	3,045	3,422	4,193	5,252	10,511
Closed	3,056	2,912	2,740	2,948	3,563	3,663	4,961
Pending	2,240	2,121	2,463	2,748	3,579	5,174	10,746

Between 2007 and 2012, an unprecedented increase in Applications for Mediation resulted in a major backlog of mediation files.

The 2011 Annual Report of the Auditor General of Ontario included a Value-for-Money Audit of FSCO's regulatory oversight of auto insurance in Ontario, and recommended that FSCO develop a strategy to reduce its backlog of mediation files to ensure the delivery of effective and efficient mediation services.

In 2012, FSCO implemented a number of initiatives that significantly reduced the backlog of mediation files. Some of these initiatives included the development of an online scheduling system (the eCalendar) and the use of a private dispute resolution service provider. As a result, the backlog was reduced to 10,354 files by March 31, 2013, down 64 percent from 29,142 at the end of March 2012. It is expected the backlog will be eliminated in 2013. For more information, refer to FSCO's 2013 Statement of Priorities.

Motor Vehicle Accident Claims Fund

FSCO administers the Motor Vehicle Accident Claims Fund for victims of accidents involving uninsured or unidentified vehicles.

Measure	2012–13	2011–12
New Claims Reported (#)	542	514
Total Cash Payouts	$27.7 million	$26 million
Total Statutory Accident Benefits Claims Paid (#)	408	424
Total Statutory Accident Benefits Payments	$23.2 million	$18.8 million
Total Third Party Liability Claims Paid (#)	81	123
Total Third-Party Liability Payments for Bodily Injury and Property Damage	$4.5 million	$7.2 million
Collection of Repayments	$1.1 million	$1.5 million
Suspended Driver's Licences (#)	321	312
Reinstated Driver's Licences (#)	219	250
Repayments Processed (#)	6,609	7,034
Debtors Making Payments (#)	749	787
Active Accounts Receivable (#)	1,083	1,118

DEPOSIT INSTITUTIONS, MORTGAGE BROKERING, CO-OPERATIVE CORPORATIONS

Ontario Credit Unions and Caisses Populaires

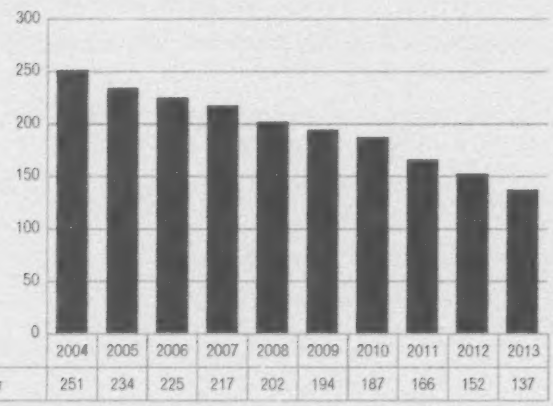
As of March 2013, Ontario's credit unions and caisses populaires held total assets of $37 billion. The sector is undergoing significant consolidation and transformation. Amalgamations continued in 2012–2013, with the number of credit unions and caisses populaires decreasing by almost 10 percent.

Measure	As of March 31, 2013	As of March 31, 2012
Institutions with Assets over $50 Million		
Number	84	91
Assets	$35.7 billion	$34.1 billion
Membership	1,457,093	1,505,893
Institutions with Assets under $50 Million		
Number	53	61
Assets	$1.2 billion	$1.3 billion
Membership	109,354	121,530
All Institutions		
Number	137	152
Assets	$37.0 billion	$35.4 billion
Membership	1,566,447	1,627,423

The Deposit Insurance Corporation of Ontario

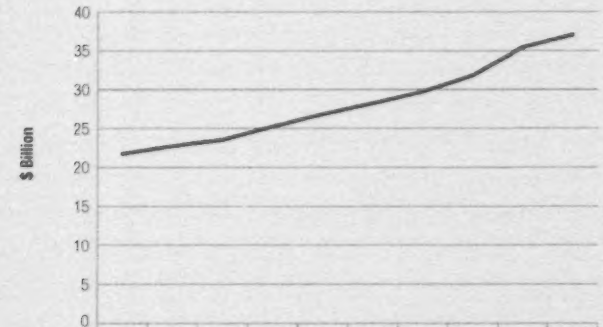
The Deposit Insurance Corporation of Ontario (DICO) is an Ontario Provincial Agency that has the role of protecting depositors of Ontario credit unions and caisses populaires from loss of their deposits. DICO was established under the Credit Unions and Caisses Populaires Act, 1994. FSCO and the Deposit Insurance Corporation of Ontario (DICO) are jointly responsible for regulating credit unions and caisses populaires under the provisions of the CUCP Act and ensuring their compliance with its provisions. The statute establishes compliance requirements for capital, liquidity and exposure to interest rate risk. For more information, visit DICO's website.

Total Number of Credit Unions, 2004–2013



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Number	251	234	225	217	202	194	187	166	152	137

Ontario Credit Unions – Total Assets, 2004–2013



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total Assets (billion $)	21.7	22.7	23.5	25.2	26.8	28.2	29.7	31.8	35.4	37

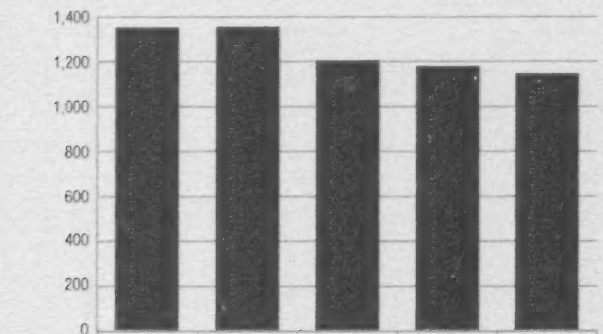
Loan and Trust Companies

Fifty-nine loan and trust companies were registered to operate in Ontario as of March 31, 2013. All were federally incorporated, which is a requirement for registration.

Mortgage Brokering

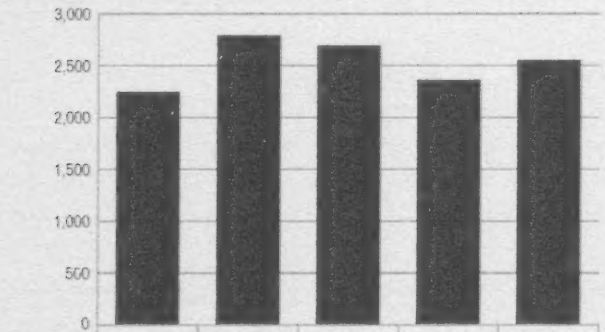
All Mortgage Brokerages, Administrators, Brokers and Agents conducting mortgage brokering business in Ontario are required to be licensed by FSCO.

Total Number of Ontario Mortgage Brokerages, 2009–2013



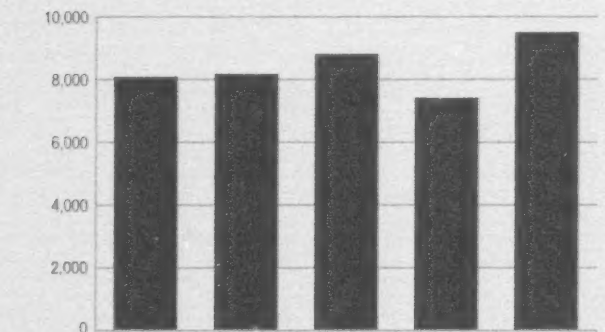
	2009	2010	2011	2012	2013
Number	1,351	1,353	1,204	1,178	1,145

Total Number of Ontario Mortgage Brokers, 2009–2013



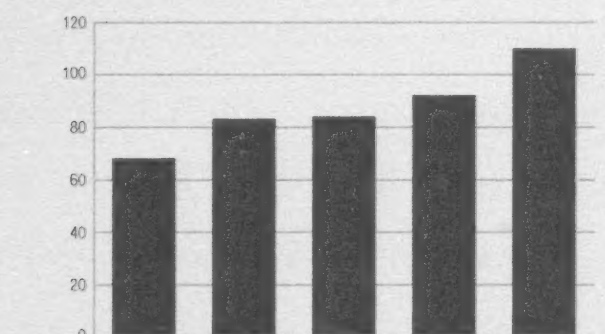
	2009	2010	2011	2012	2013
Number	2,244	2,788	2,692	2,357	2,549

Total Number of Ontario Mortgage Agents, 2009–2013



	2009	2010	2011	2012	2013
Number	8,069	8,165	8,800	7,394	9,503

Total Number of Ontario Mortgage Administrators, 2009–2013



	2009	2010	2011	2012	2013
Number	68	83	84	92	110

Co-operative Corporations

FSCO registers organizations conducting business as co-operatives under the Co-operative Corporations Act.

Ontario Co-operatives – New Incorporations, 2003–04 to 2012–13

	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	2011–12	2012–13
New Incorporations	22	27	27	21	17	21	32	19	46	71

Licensing, Monitoring and Enforcement Activity Across the Sectors: Statistics

Ontario

FSCO licenses or registers individuals and businesses to provide financial services in Ontario. It monitors compliance with legislation and regulations and follows up with enforcement action where necessary.

LICENSING ACTIVITIES

Activity	2012–13	2011–12	2010–11
Individuals			
New Licences Issued			
Life Insurance Agents	4,973	4,904	4,539
General Insurance Agents	732	1,062	1,182
Accident and Sickness Insurance Agents	348	548	329
Insurance Adjusters	104	137	154
Mortgage Brokers	114	171	214
Mortgage Agents	3,010	2,737	3,196
Licences Renewed			
Life Insurance Agents*	18,565	12,592	18,245
General Insurance Agents*	3,054	2,685	2,899
Accident and Sickness Insurance Agents*	264	177	169
Insurance Adjusters	1,748	1,406	1,259
Mortgage Brokers**	2	2,398	–
Mortgage Agents**	14	7,672	–
Corporations			
New Licences Issued			
Life and General Insurance Agencies	488	366	372
Corporate Insurance Adjusters	8	8	5
Insurance Companies	3	4	10
Mortgage Brokerages	88	111	104
Mortgage Administrators	18	15	16
New Registrations Issued			
Loan and Trust Companies	–	1	1
Licences Renewed			
Life and General Insurance Agencies*	2,457	1,560	2,337
Corporate Insurance Adjusters	131	111	80

Activity	2012–13	2011–12	2010–11
Co-operatives			
Offering Statements	20	14	17
Material Change Relating to Offering	5	1	1
New Incorporations	71	46	19
Amendments Relating to Incorporation	13	9	14
Dissolutions/Cancellations	10	10	11
Conversion to Corporation	–	–	1
Amalgamation	–	1	1
Credit Unions/Caisses Populaires			
New Incorporations	–	–	–
Applications Required for Approval/Filing (including applications for articles of amendment, name changes, by-law amendments, offering statements, etc.)	56	50	96
Amalgamations	7	4	2

* *Insurance licences are issued for a two-year term. There are high-year and low-year renewal cycles; 2012–2013 was a low year.*

** *All mortgage broker and agent licences had a common expiry date of March 31, 2014. 2012–2013 was not a licence renewal year. The two brokers and fourteen agents whose licenses were renewed in 2012–2013 were either late in filing for renewal or their applications took longer to process. Therefore, their licenses were issued after the March 31, 2012 deadline, in the 2012–2013 fiscal year.*

REGULATORY OVERSIGHT AND ENFORCEMENT ACTIVITIES

Monitoring Activities

FSCO undertakes a number of monitoring activities as part of its regulatory functions. It conducts police background checks, compliance audits, and reviews complaints in the sectors it regulates.

Activity	2012–13	2011–12	2010–11
Police Checks			
Insurance Agent Licence Applications	8,163	8,789	8,304
Mortgage Broker and Agent Applications	2,804	2,527	2,692
Audits			
Mortgage agent and broker relicensing education	232	–	–
Insurance agent risk-based CE audit	10	–	–
Errors and Omissions Insurance			
– Life Insurance Agents	–	1,150	300
– Mortgage Brokerages	–	–	1,204
Complaint Reviews			
Insurance Companies	511	606	381
Insurance Agents	201	351	208
Mortgage Brokerages	131	128	157
Mortgage Brokers	72	88	86
Mortgage Agents	123	143	191
Credit Unions	36	24	16
Loan and Trust Companies	4	2	5
Health Care Providers	8	5	6
Pension Plans*	258	197	400
Total	1,344	1,544	1,450

Enforcement Actions

To protect consumers and enhance public confidence, FSCO monitors, investigates and where there is non-compliance with legislation and regulations, takes appropriate enforcement action against the sectors it regulates.

Type	2012–13	2011–12	2010–11
Insurance Agents			
Licences Revoked	11	24	24
Licences Suspended	7	6	6
Letters of Caution	9	14	7
Automobile Insurance Companies			
Letters of Caution	2	–	3
Mortgage Brokerages/Administrators			
Licence Refusals	–	–	–
Licence Suspensions	–	8	–
Licence Revocations	1	5	–
Administrative Monetary Penalties			
Annual Information Return			
– Orders Issued	5	9	1
– Amount Ordered ($)	5,000	9,000	1,000
Errors & Omissions Insurance			
– Orders Issued	13	23	1
– Amount Ordered ($)	27,500	66,000	250
Unlicensed Activity			
– Orders Issued	–	–	1
– Amount Ordered ($)	–	–	$25,000
Mortgage Brokers			
Licence Suspensions	–	–	–
Letters of Caution	1	1	2
Mortgage Agents			
Licence Refusals	3	–	–
Letters of Caution	1	1	3
Health Care Providers/Clinics			
Letters of Caution	–	2	1
Dispute Resolution Penalties			
Special Awards against Insurers	–	5	5
Expense Orders against representatives	–	1	–
Cease-and-Desist Orders	7	6*	6**
Prosecutions Completed	1	7	5

* *Comprised of three interim orders, one of which became permanent during the year, and two permanent orders issued in regard to interim orders from the previous year.*

** *Comprised of four interim orders, two of which became permanent during the year.*

ADVISORY BOARD ACTIVITIES

Activity	2012–13	2011–12
Cases Pending at Beginning of Year	9	6
New Cases Received	11	11
Files Closed	15	8
Cases Pending at End of Year	5	9
Hearing Days	7	5
Other Activity Days – Including: Pre-Hearing Conferences, Telephone Conferences, Settlement Conferences and Motions	36	21
Total Hearing and Activity Days	43	26

Note: Numbers for each year may reflect activity concerning files opened prior to the respective year.

PUBLIC AND STAKEHOLDER INQUIRIES AND COMPLAINTS REPORTING

FSCO supplements its oversight activities with consumer inquiry and complaint processes, which help identify practices that may be harmful to consumers and the marketplace or may violate legislation, regulations or FSCO's rules and procedures. Inquiry and complaint data plays a crucial role in alerting FSCO and the public to potential problems that may require consumer education efforts or other regulatory intervention. Providing accurate, up-to-date information to consumers to assist them in making informed choices about the many products and services that are available in the marketplace is important to FSCO.

The following data for fiscal year 2012–2013, shows the number of inquiry and complaints handled by FSCO.

Inquiries

FSCO is a valuable point of contact for both the public and stakeholders. FSCO staff respond to telephone inquiries and correspondence, providing information about legislation and regulations administered by FSCO and also about FSCO's processes.

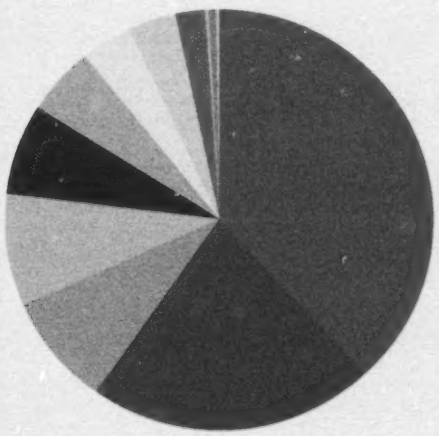
Contact Centre Inquiries		
Pensions	29,473	47%
Credit Unions & Caisses Populaires	237	0%
Co-operatives	284	0%
Loan & Trust	126	0%
Mortgage Brokers	5,785	9%
Insurance-Automobile	5,539	9%
Insurance-Other	1,491	2%
Licensing	14,173	22%
Other-FSCO	3,457	5%
Non-FSCO	2,489	4%
Total	**63,054**	**100%**

Licensing Compliance Inquiries		
Escalated Application Status Updates	1,889	20%
Licensing Link IT Issues	2,091	22%
Application and Qualification Inquiries	2,245	24%
Paper/PDF Licence Request	239	3%
Annual Information Returns	242	3%
Other	2,508	27%
Letter of Status Requests	194	2%
Total	**9,408**	**100%**

Market Conduct Inquiries		
Mortgage Brokering	622	40%
Property & Casualty Insurance	521	33%
Life and A&S Insurance/Investments	263	17%
Credit Unions	74	5%
Other	68	4%
Co-operatives	18	1%
Loan & Trust	8	1%
Total	**1,574**	**100%**

Pension Inquiries		
Access to Information/Request for Forms/ Publications	2,107	24%
Pension Services Portal	1,410	16%
Details on Filings/Deadlines	1,048	12%
Marriage Breakdown (FLA)	1,013	12%
Interpretation (Legislation/Policy)	635	7%
Information on LIRA/LIF/LRIF	567	7%
Member Rights Under PBA	561	7%
Matters Outside FSCO Jurisdiction	472	5%
Lost or Missing Benefits	323	4%
Unlocking Questions	296	3%
Pensions Assessments	135	2%
PBGF/Bankruptcy/CCAA	58	1%
Total	**8,625**	**100%**

Public and Stakeholder Inquiries



Locked-in Accounts 24,917 (38.1%)	Pensions 4,556 (7.0%)	Insurance – Other 1,491 (2.3%)
Licensing 14,173 (21.7%)	FSCO – Other 3,457 (5.3%)	Co-operatives 284 (0.4%)
Mortgage Brokering 5,785 (8.8%)	Non-FSCO* 2,489 (3.8%)	Credit Unions/ Caisses Populaires 237 (0.4%)
Insurance – Automobile 5,538 (8.5%)	Publication Requests 2,386 (3.6%)	Loan & Trust 126 (0.2%)

** "Non-FSCO": Refers to inquiries that do not pertain to FSCO's mandate and have to be redirected.*

Complaints

As evidence of consumer dissatisfaction, complaints represent a crucial market conduct signal for both the industry and regulators. Reviewing complaints is an important component of FSCO's risk-based approach to market conduct oversight.

In Ontario, insurance companies are required to designate a complaints officer to receive consumer complaints about business practices, and to refer unresolved complaints to an independent third party for review. Most insurance companies are members of a national ombudservice established by the industry. Where this is not the case, FSCO generally acts as the independent third party.

All mortgage brokerages, mortgage administrators, credit unions and caisses populaires are required to designate an individual to receive and attempt to resolve complaints. They must also keep a record of written complaints and responses. Moreover, parties making a complaint must be advised to contact FSCO if they believe there has been a violation of the legislation or regulations.

FSCO inquires into complaints alleging non-compliance with legislation or regulations in any of the regulated sectors. Complaint procedures and contact information are posted on FSCO's website.

Most complaints do not result in a finding of contravention of the law. However, access to a review process is important to maintain consumer confidence in the financial services marketplace. Where there has been a contravention, FSCO takes enforcement action.

Market Conduct Complaints		
Property & Casualty Insurance	454	40%
Mortgage Brokering	341	30%
Life and A&S Insurance/Investments	263	23%
Credit Unions	36	3%
Other	23	2%
Co-operatives	8	1%
Loan & Trust	4	0%
Total	**1,129**	**100%**

Pension Complaints		
Non-Compliance with Legislation/Policy	132	44%
Commuted Value/Benefit Entitlement	84	28%
Non-Compliance with Plan Provisions	74	25%
Other	7	3%
Total	**297**	**100%**

Report of the Financial Services Tribunal

Established by the FSCO Act, the Financial Services Tribunal (FST) is an expert, independent adjudicative body. It conducts hearings and hears certain appeals on regulatory and disciplinary matters under statutes covering the regulated sectors including:

- the Pension Benefits Act
- the Insurance Act
- the Mortgage Brokerages, Lenders and Administrators Act
- the Credit Unions and Caisses Populaires Act
- the Loan and Trust Corporations Act
- the Prepaid Hospital and Medical Services Act

The FST has exclusive jurisdiction to exercise the powers conferred on it by legislation and to determine all questions of fact or law that arise in its hearings.

The FST is composed of nine to 15 members, including the Chair and two Vice-Chairs, all appointed by the Lieutenant Governor in Council. The Chair and Vice-Chairs of the FST are also the Chair and Vice-Chairs of FSCO.

Appointments to the Board are made in accordance with the guidelines established by Ontario's Public Appointments Secretariat.

The FST is committed to providing an expert, impartial hearing process that is accessible, prompt and fair. It has established its own Rules of Practice and Procedure and issued Practice Directions to guide the conduct of its hearings. Proceedings are also governed by the Statutory Powers Procedure Act. The FST has adopted streamlined procedures to expedite requests for hearings on decisions by the Superintendent regarding access to locked-in funds in cases of financial hardship.

For the convenience of hearing participants, the FST's hearing schedule, decisions, Rules of Practice and Procedure, and Practice Directions are posted on the FST website at www.fstontario.ca. Biographical sketches of current FST members may also be found on this site.

The Tribunal has established and published service standards and a tracking mechanism to facilitate public reporting on services.

A summary of the FST's activities in 2012–2013 appears in the "Financial Services Tribunal Activities" table.

Financial Services Tribunal Board Members

Name	Position	Tenure	
Solursh, John M.	Chair	August 11, 2004	August 7, 2014
Shilton, Elizabeth	Vice-Chair	May 18, 2005	January 31, 2015
Holden, Florence A.	Vice-Chair	August 11, 2004	September 5, 2017
Gavin, Heather	Member	January 13, 1999	June 24, 2013
Bharmal, Shiraz Y.M.	Member	September 9, 2002	September 9, 2013
Boivin, Denis W.	Member	November 3, 2004	June 2, 2014
Longhurst, Patrick William	Member	August 9, 2009	August 7, 2014
Richardson, Jeffrey	Member	August 12, 2008	August 9, 2014
Short, David A.	Member	October 24, 2001	November 3, 2014
Brown, Jennifer Lynne	Member	July 8, 2010	July 6, 2015

Financial Services Tribunal Activities								
Activity	**Pension Matters (Excluding Financial Hardship)**	**Pension Matters (Financial Hardship)**	**Mortgage Brokering Matters**	**Insurance Matters**	**Credit Union Matters**	**Loan & Trust Matters**	**Total 2012–13**	**Total 2011–12**
Cases Pending at Beginning of Year	9	–	19	3	1	–	32	12
New Cases Received	14	–	8	–	–	–	22	44
Files Closed	9	–	21	3	1	–	34	24
Cases Pending at End of Year	14	–	6	–	–	–	20	32
Oral Hearing Days	4	–	8	2	–	–	14	18
Written Hearings	1	–	1	–	–	–	2	1
Other Activity Days – Including: Pre-Hearing Conferences, Telephone Conferences, Settlement Conferences and Motions	39	–	12	4	–	–	55	96
Total Hearing (Oral and Written) and Activity Days before FST	44	–	21	6	–	–	71	115

Notes:

1. *Table does not include FST quarterly meetings, days for deliberation or decision writing.*
2. *Numbers may reflect activity in respect of files opened prior to 2012–2013 fiscal year.*
3. *Written hearings may relate to financial hardship matters, motions, requests for costs or requests for a review of a decision.*

Ontario

FINANCIAL SERVICES COMMISSION OF ONTARIO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2013

Management's Statement

Financial Services Commission of Ontario

Chief Executive Officer and
Superintendent of Financial Services

5160 Yonge Street
Box 85, 17th Floor
Toronto ON M2N 6L9

Telephone: (416) 590-7000
Facsimile: (416) 590-7078

Commission des services financiers de l'Ontario

Directeur général et
surintendant des services financiers

5160, rue Yonge
boîte 85, 17e étage
Toronto ON M2N 6L9

Téléphone : (416) 590-7000
Télécopieur : (416) 590-7078

Ontario

October 15, 2013

Management's Responsibility for Financial Information

The Financial Services Commission of Ontario (Commission) was established under the *Financial Services Commission of Ontario Act, 1997*. Under the Act the Superintendent is responsible for the financial and administrative affairs of the Commission.

Under the direction of the Superintendent, Management of the Commission is responsible for the integrity and fair presentation of all information in the financial statements and notes. The financial statements have been prepared by Management in accordance with Canadian public sector accounting standards. The preparation of financial statements involves the use of management's judgment and best estimates particularly when transactions affecting the current period cannot be determined with certainty until future periods.

Management of the Commission is dedicated to the highest standards of integrity in provision of its services. Management has developed and maintains financial controls, information systems and practices to provide reasonable assurances on the reliability of financial information and safeguarding of its assets.

The financial statements have been audited by the Office of the Auditor General. The Auditor General's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian public sector accounting standards. They have been approved by the Commission's Audit and Risk Committee. The Auditor's report follows.

Philip Howell
Chief Executive Officer and
Superintendent of Financial Services

Linda Della Rocca
Executive Director,
Corporate Services Division

Auditor's Statement

Ontario

Office of the Auditor General of Ontario
Bureau du vérificateur general de l'Ontario

Independent Auditor's Report

To the Financial Services Commission of Ontario and to the Minister of Finance
I have audited the accompanying financial statements of the Financial Services Commission of Ontario, which comprise the statement of financial position as at March 31, 2013, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion
In my opinion, these financial statements present fairly, in all material respects, the financial position of the Financial Services Commission of Ontario as at March 31, 2013 and the results of its operations, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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Toronto, Ontario
October 15, 2013

Gary Peall, CPA, CA, LPA
Deputy Auditor General

Statement of Financial Position

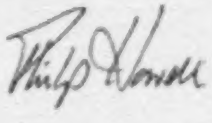
As at March 31, 2013

	March 31, 2013 ($ 000)	March 31, 2012 ($ 000)
ASSETS		
Current		
Cash	5	7
Accounts receivable	106	430
Prepaid expenses	0	37
	111	474
Due from the Province (Note 7b)	34,947	31,813
Capital assets, net (Note 3)	10,401	12,896
	45,459	45,183
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	14,465	10,095
	14,465	10,095
Employee future benefits obligation (Note 7a)	9,260	8,930
Deferred revenue (Note 4)	10,490	11,886
Deferred lease inducements (Note 5)	843	1,376
Net assets		
Invested in capital assets	10,401	12,896
	45,459	45,183

Commitment, Significant Contract and Contingencies (Note 9)

See accompanying notes to financial statements

Approved by:



Chief Executive Officer and
Superintendent of Financial Services

Statement of Operations
For the Year Ended March 31, 2013

Ontario

	March 31, 2013 ($ 000)	March 31, 2012 ($ 000)
Revenue (Note 6)		
Assessments	56,102	48,183
Fees, Licenses, registrations and other	10,475	11,400
	66,577	59,583
Expenses		
Salaries and wages	37,960	37,811
Employee benefits (Note 7a)	8,509	8,912
Transportation and communication	812	717
Services	21,626	14,596
Supplies and equipment	453	652
Amortization	3,210	2,422
Bad debt expense	53	80
	72,623	65,190
Less: Recoveries (Note 8)	3,217	3,251
	69,406	61,939
Deficiency of revenue over expenses absorbed by the Province (Note 6)	(2,829)	(2,356)

See accompanying notes to financial statements

Statement of Cash Flows

For the Year Ended March 31, 2013

	March 31, 2013 ($ 000)	March 31, 2012 ($ 000)
Net inflow (outflow) of cash related to the following activities		
Cash flows from operating activities		
Deficiency of revenue over expenses absorbed by the Province	(2,829)	(2,356)
Items not affecting cash		
Amortization of capital assets	3,210	2,422
Employee future benefits (Note 7a)	330	893
Bad debt expense	53	80
Changes in non-cash working capital		
Accounts receivable	271	(335)
Prepaid expenses	37	(5)
Accounts payable and accrued liabilities	4,370	(717)
Due from the Province	(2,800)	2,922
Amortization of deferred lease inducements	(533)	(533)
Deferred Revenue	(1,396)	2,140
	713	4,511
Cash flows from capital activity		
Purchase of capital assets	(715)	(4,510)
	(715)	(4,510)
Net change in cash position	(2)	1
Cash position, beginning of year	7	6
Cash position, end of year	5	7

See accompanying notes to financial statements

Notes to Financial Statements

March 31, 2013

Ontario

1. OPERATIONS OF THE COMMISSION

The Financial Services Commission of Ontario (Commission) was established under the *Financial Services Commission of Ontario Act, 1997*. The Commission's mandate through its regulated activities is to protect the public interest and enhance public confidence in insurance, pensions, credit unions, trust companies, caisses populaires, co-operatives and mortgage brokers, and also to make recommendations to the Minister of Finance on matters affecting the regulated sectors. The Commission administers the following legislation: *Insurance Act, Pension Benefits Act, Credit Unions and Caisses Populaires Act, Loan and Trust Corporations Act, Mortgage Brokerages, Lenders and Administrators Act* and *Co-operative Corporations Act*. As a regulatory agency of the Province of Ontario, the Commission is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by the management of the Commission in accordance with Public Sector Accounting Standards for not-for-profit organizations (PSA-NPO) as issued by the Public Sector Accounting Board (PSAB). The significant accounting policies used to prepare these statements are summarized below.

(a) Capital Assets:

Capital assets are recorded at cost less accumulated amortization. Amortization is calculated on a straight-line basis over their estimated useful life. The useful life of the Commission's capital assets has been estimated as follows:

Purchased software	3 years
Custom developed software	5 years
Office furniture and equipment	5 years
Computer hardware	3-6 years
Leasehold improvements	over the term of the lease

(b) Revenue Recognition

Assessment revenues from the insurance, pension, credit union, caisses populaires and the loan and trust sectors are recognized when the recoverable costs to administer the various Acts governing these sectors are incurred.

Revenues from fees, licenses and registrations are recognized in the year to which they pertain.

(c) Financial Instruments

The Commission follows PSA-NPO pertaining to financial instruments. Under these standards, all financial instruments are included on the statement of financial position and are measured either at fair value or at cost or amortized cost. The Commission's Accounts receivable, and the Accounts payable and accrued liabilities are recorded at cost in the financial statements.

(d) Use of Estimates

The preparation of financial statements in accordance with PSA-NPO requires that management make estimates and assumptions that affect the reported amount of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses for the period. Actual amounts could differ from these estimates.

3. CAPITAL ASSETS

	2013			2012
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
		($ 000)		($ 000)
Purchased computer software	87	87	0	3
Custom developed software	8,107	5,334	2,773	2,949
Custom software under development	2,209	0	2,209	2,380
Leasehold improvements	7,630	3,987	3,643	5,053
Computer hardware	2,422	1,620	802	1,093
Office furniture and equipment	2,233	1,259	974	1,418
	22,688	**12,287**	**10,401**	**12,896**

4. DEFERRED REVENUE RELATED TO LICENCES AND REGISTRATION

Deferred revenue represents payments received for fees, licences and registrations that cover more than the current fiscal year. The deferred portion is recognized as revenue when the applicable future licence year occurs. The changes in the deferred revenue balances during fiscal 2012–13 are summarized as follows:

	Balance, beginning of year	Received during year	Recognized during year	Balance, end of year
	($ 000)			
Insurance Agents	3,450	4,223	3,729	3,944
Insurance Adjusters	21	107	108	20
Mortgage Brokers	7,138	2,121	4,340	4,919
Insurance Corporations	828	1,203	984	1,047
Other	449	803	692	560
	11,886	**8,457**	**9,853**	**10,490**

5. DEFERRED LEASE INDUCEMENTS

The Commission's office accommodation lease was extended from October 31, 2008 to October 31, 2015 with two further options to extend the term for five years each. The lease extension included a leasehold improvement allowance in the amount of $2.005 million for renovations in the first two years and no base rent payable in the amount of $0.64 million for the first ten months of the lease extension. The Commission has utilized the entire allowance.

The deferred lease inducement is made up of the portion of future lease payments attributed to the rent-free period and the leasehold improvements allowance and will be recognized as reduced rent expense over the term of the lease on a straight line basis.

	2013 ($ 000)	2012 ($ 000)
Balance, beginning of year	**1,908**	**2,441**
Less: Lease Inducements Amortization	(533)	(533)
Deferred Lease Inducements	1,375	1,908
Less: current portion	(532)	(532)
Balance, end of year	**843**	**1,376**

6. REVENUE

Under the *Financial Services Commission of Ontario Act*, the Commission may recover all of its costs through revenue assessments and fees charged to all entities that form part of the regulated sectors. The Commission's deficiency of $2.8 million (2012 — $2.4 million) resulted mostly from the Financial Hardship Program waiver of fees that continued in 2013 and the deficiency from the Co-operatives sector. The deficiency has been absorbed by the Province and is reflected in the due from the Province on the statement of financial position. For the fiscal year, revenue from the following Acts and regulations made under the Acts administered by the Commission are:

	2013 ($ 000)	2012 ($ 000)
Insurance Act		
Insurer assessment	37,696	30,726
Fees, licenses and other	5,901	5,426
Pension Benefits Act		
Pension plan assessment	17,663	16,683
Registration fees and other	52	118
Pension unlocking fees and other	0	0
Credit Unions and Caisses Populaires Act		
Credit Union assessment	583	722
Fees and other	92	152
Loan and Trust Corporations Act		
Loan and Trust assessment	160	52
Fees, licenses and registrations	2	7
Mortgage Brokerages, Lenders and Administrators Act		
Fees, Licenses, Registrations and other	4,393	5,682
Co-operative Corporations Act		
Fees and other	35	15
	66,577	**59,583**

Ontario

7. RELATED PARTY TRANSACTIONS

(a) Employee Benefits

The Commission's employees are entitled to benefits that have been negotiated centrally for Ontario Public Service employees. The future liability for benefits earned by the Commission's employees is recognized in the Province's consolidated financial statements. These benefits are accounted for by the Commission as follows:

i. Pension Benefits

The Commission's full-time employees participate in the Public Service Pension Fund (PSPF) and the Ontario Public Service Employees' Union Pension Fund (OPSEU-PF), which are defined benefit pension plans for employees of the Province and many provincial agencies. The Province of Ontario, which is the sole sponsor of the PSPF and a joint sponsor of the OPSEU-PF, determines the Commission's annual payments to the funds. Since the Commission is not a sponsor of these funds, gains and losses arising from statutory actuarial funding valuations are not assets or obligations of the Commission, as the sponsors are responsible for ensuring that the pension funds are financially viable. The Commission's annual payments of $3.08 million (2012 — $2.95 million) are included in employee benefits in the Statement of Operations.

ii. Employee Future Benefits Obligation

Employee future benefits include accrued severance entitlements, unused vacation and other future compensation entitlements earned. Severance entitlements under the *Public Service of Ontario Act (2006)* were non-actuarially estimated based on one week pay for every year of service for those employees with a minimum of five years of service. These costs for the year amount to $0.245 million (2012 — $0.792 million) and are included in employee benefits and salaries and wages in the Statement of Operations. Amounts due within one year totaling $2.66 million (2012 — $2.75 million) are included in accounts payable and accrued liabilities.

iii. Other Non-Pension Post-Employment Benefits

The cost of other non-pension post-retirement benefits is determined and funded on an ongoing basis by the Ontario Ministry of Government Services and accordingly is not included in these financial statements.

(b) Amounts due from the Province

The due from the Province balance reflected in the financial statements is the difference between the cash receipts submitted to the Province and the Commission's expenses paid, owing or absorbed by the Province.

(c) Other administrative expenses

The Ontario Ministry of Government Services absorbs the costs of certain administrative expenses. The Ministry of Finance has charged for administrative costs related to information technology and the Ministry of Attorney General has charged for legal staff provided to the Commission based on the Ministry's actual costs.

8. RECOVERIES

The Commission provides administrative and other support services to a number of organizations and recovers the costs of providing these services from the organizations in accordance with the memorandum of understanding or agreement signed with the respective organizations. Details of these recoveries are as follows:

	2013 ($ 000)	2012 ($ 000)
Motor Vehicle Accident Claims Fund (Related Party)	1,727	1,711
Pension Benefits Guarantee Fund (Related Party)	474	480
General Insurance Statistical Agency	314	409
Joint Forum of Financial Market Regulators	222	242
Canadian Association of Pension Supervisory Authorities	183	174
Canadian Council of Insurance Regulators	208	222
Mortgage Broker Regulators' Council of Canada	78	0
Canada Revenue Agency	11	13
	3,217	**3,251**

9. COMMITMENTS SIGNIFICANT CONTRACT AND CONTINGENCIES

(a) Office Accommodation Lease

The Commission's office accommodation lease has been extended from October 31, 2008 to October 31, 2015 as explained in Note 5. As a result the Commission is committed to minimum lease payments for office space as follows:

	($ 000)
2013/2014	5,285
2014/2015	5,350
2015/2016	3,160
	13,795

(b) Dispute Resolution Services Contract

In August 2012, the Commission entered into a contract with an outside service provider for mediation and arbitration services. The expenditures for the year for this contract amount to $4.4 million and it is anticipated that the costs to be incurred for these services during fiscal 2014 and fiscal 2015 will be $19–22 million annually in addition to the Commission's normal expenditures.

(c) Contingencies

The Commission is involved in various legal actions arising out of the ordinary course of business. Settlements paid by the Commission, if any, will be accounted for in the period in which the settlement occurs. The outcome and ultimate disposition of these actions are not determinable at this time.

10. FINANCIAL INSTRUMENTS

The Commission is exposed to low credit risk in its financial instruments from accounts receivable owing from industry, and is not exposed to any currency, interest rate or liquidity risk.

11. SECURITIES ON DEPOSIT

The *Insurance Act* authorizes the Commission to require insurance companies to deposit securities in any amount it considers necessary and on such conditions as it considers proper. Such amounts might be held to satisfy requirements of other jurisdictions with which the Province of Ontario has reciprocal agreements.

As at March 31, 2013, the market value of the securities held by the Commission under the *Insurance Act* was $0.052 million (2012 — $0.158 million).

Income earned on the securities is paid directly to the insurance companies depositing the securities. These securities and the related income are not recorded in the financial statements.

Ontario

PENSION BENEFITS GUARANTEE FUND FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2013

Management's Statement

Financial Services Commission of Ontario

Deputy Superintendent
Pension Division

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Commission des services financiers de l'Ontario

Surintendant adjoint
Division des régimes de retraite

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boîte 85, 8e étage
Toronto ON M2N 6L9

Téléphone : (416) 226-7795
Télécopieur : (416) 226-7787

June 24, 2013

Pension Benefits Guarantee Fund
Management's Responsibility for Financial Information

The Superintendent of the Financial Services Commission of Ontario ("FSCO") pursuant to the *Financial Services Commission of Ontario Act, 1997* is responsible for the administration of the Pension Benefits Guarantee Fund.

Under the direction of the Superintendent, Management of FSCO is responsible for the integrity and fair presentation of all information in the financial statements and notes. The financial statements have been prepared by Management in accordance with Canadian Public Sector Accounting Standards. The preparation of financial statements involves the use of management's judgment and best estimates particularly when transactions affecting the current period cannot be determined with certainty until future periods.

Management of FSCO, in the administration of the Pension Benefits Guarantee Fund, is dedicated to the highest standards of integrity in provision of its services. Management has developed and maintains financial controls, information systems and practices to provide reasonable assurances on the reliability of financial information and safeguarding of its assets.

The financial statements have been audited by the Office of the Auditor General of Ontario. The Auditor's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian Public Sector Accounting Standards. They have been approved by the Commission's Audit & Risk Committee. The Auditor's report follows.

Brian Mills
Deputy Superintendent, Pensions (Acting)

Javier Aramayo
Acting Chief Accountant

Auditor's Statement

Office of the Auditor General of Ontario
Bureau du vérificateur general de l'Ontario

Independent Auditor's Report

To the Financial Services Commission of Ontario and to the Minister of Finance
I have audited the accompanying financial statements of the Pension Benefits Guarantee Fund of the Financial Services Commission of Ontario, which comprise the statement of financial position as at March 31, 2013 and the statements of operations and fund surplus, cash flows and re-measurement gains and losses for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion
In my opinion, the financial statements present fairly, in all material respects, the financial position of the Commission's Pension Benefits Guarantee Fund as at March 31, 2013, and the results of its operations and fund surplus, its cash flows and its re-measurement gains and losses for the year then ended in accordance with Canadian public sector accounting standards.

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Toronto, Ontario
June 24, 2013

Gary R. Peall, CPA, CA, LPA
Acting Auditor General

Statement of Financial Position

As at March 31, 2013

	March 31, 2013 ($ 000)	March 31, 2012 ($ 000)
ASSETS		
Current		
Cash	752	1
Accounts receivable	140,247	104,689
Investments (Note 4)	345,321	233,085
	486,320	337,775
LIABILITIES AND FUND DEFICIT		
Current		
Accounts payable and accrued liabilities	10,834	7,937
Current portion of loan payable (Note 5)	11,000	11,000
Claims payable	78,739	109,287
	100,573	128,224
Loan payable (Note 5)	129,577	133,309
	230,150	261,533
Fund surplus from operation	256,165	76,128
Accumulated remeasurement gains	5	114
Fund surplus	256,170	76,242
	486,320	337,775

See accompanying notes to financial statements

Approved by:

Chief Executive Officer and
Superintendent of Financial Services
Financial Services Commission of Ontario

Statement of Operations and Fund Surplus

For the Year Ended March 31, 2013

Ontario

	March 31, 2013 ($ 000)	March 31, 2012 ($ 000)
Revenue		
Premium revenue	145,295	106,847
Pension plan recoveries (Note 7)	52,770	12,384
Investment income (Note 4)	3,281	3,087
	201,346	122,318
Expenses		
Claims	12,051	29,973
Amortization of loan discount (Note 5)	7,268	7,447
Pension consulting services (Note 8)	1,420	2,064
Administration fee (Note 9)	474	480
Investment management fees (Note 9)	96	85
	21,309	40,049
Recoveries of pension consulting services		(40)
Excess of revenue over expenses	180,037	82,309
Fund surplus / (deficit), beginning of year	76,128	(6,181)
Fund surplus, end of year	256,165	76,128

See accompanying notes to financial statements

Statement of Cash Flows

For the Year Ended March 31, 2013

	March 31, 2013 ($ 000)	March 31, 2012 ($ 000)
Net inflow (outflow) of cash related to the following activities		
Cash flows from operating activities		
Excess of revenue over expenses	180,037	82,309
Items not affecting cash:		
Amortization of loan discount (Note 5)	7,268	7,447
Loss on disposal of investments (Note 4)	(74)	293
	187,231	90,049
Changes in non cash working capital		
Accounts receivable	(35,559)	(54,131)
Claims payable	(30,548)	(412,623)
Accounts payable and accrued liabilities	2,897	3,940
	124,021	(372,764)
Cash flows from investing activities		
Purchases of investments	(3,792,182)	(4,145,536)
Proceeds from sale of investments	3,679,912	4,529,300
	(112,270)	383,764
Cash flows from financing activities		
Loan repayments	(11,000)	(11,000)
	(11,000)	(11,000)
Change in cash position	751	0
Cash position, beginning of year	1	1
Cash position, end of year	752	1

See accompanying notes to financial statements

Statement of Re-measurement Gains and Losses

For the Year Ended March 31, 2013

Ontario

	March 31, 2013 ($ 000)	March 31, 2012 ($ 000)
Accumulated re-measurement gains, beginning of year	114	–
Amount reclassified to the statement of operations	(114)	–
Unrealized gains	5	114
Accumulated re-measurement gains, end of year	**5**	**114**

Notes to Financial Statements

March 31, 2013

1. STATUTORY AUTHORITY

The Pension Benefits Guarantee Fund (the "Fund") is continued under the *Pension Benefits Act, R.S.O. 1990, c. P.8* (the "Act").

2. FUND OPERATIONS

The purpose of the Fund is to guarantee payment of certain pension benefits of certain defined benefit pension plans wound up under conditions specified in the *Act* and regulations thereto. The regulations also prescribe an assessment payable into the Fund by plan registrants.

The Act provides that if the assets of the Fund are insufficient to meet payments for claims, the Lieutenant Governor in Council may authorize the Minister of Finance of Ontario to make loans or grants on such terms and conditions as the Lieutenant Governor in Council directs. The total liability of the Fund to guarantee pension benefits is limited to the assets of the Fund including any loans or grants received from the Province.

The Superintendent of the Financial Services Commission of Ontario ("FSCO") pursuant to the *Financial Services Commission of Ontario Act, 1997* is responsible for the administration of the Fund, and the Fund reimburses FSCO for the costs of the services provided. The investments of the Fund are managed by the Ontario Financing Authority, on a fee basis which is paid by the Fund.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared by the management of FSCO in accordance with Public Sector Accounting Standards for not-for-profit organizations (PSA-NPO) as issued by the Public Sector Accounting Board (PSAB). Accordingly, management has used the following significant accounting policies in their preparation.

(a) Financial Instruments

The Fund follows PSA-NPO pertaining to financial instruments. Under these standards, all financial instruments are included on the balance sheet and are measured either at fair value or at cost or amortized cost.

- Cash and investments are recorded at fair value, with changes in fair value during the period recognized in the statement of re-measurement gains and losses until realized. Fair value is determined from quoted prices for similar investments.
- Accounts receivable, account payable and accrued liabilities are valued at cost which approximate fair value given their short term maturities.
- The non-interest bearing loan payable is reflected at amortized cost using the effective interest rate method due to the concessionary nature of the loan. The initial valuation was determined by discounting future cash flows using the provincial cost of borrowing. The resulting benefit (the difference between the face value of the loan and the net present value) was accounted for as a grant in the year received and is amortized to loan discount expense over the term of the loan.

(b) Claims payable

Claims payable are liabilities in respect of those defined benefit pension plans prescribed by the Act that are wound up or in the process of being ordered wound up under conditions specified in the Act, and the amounts can be reasonably estimated. Liabilities are also recognized when there is a high probability a company will not emerge from creditor protection and the pension plan will be wound up on a specified date and the claim can be reasonably estimated. Claims payable are based on information provided by appointed pension plan administrators or estimates provided from actuarial consultants. These estimates represent the present value of future payments to settle claims for benefits and expenses by pension plans.

Differences in the liabilities, if any, between the amounts recognized based on estimates and the actual claims made, will be charged or credited to claims expense in the year when the actual amounts are determined.

(c) Premium revenue

An estimate of the premium revenue due from defined benefit pension plans at rates prescribed by the Act is recorded until receipt of the annual assessment certificate nine months after the plan's fiscal year end.

Differences in premium revenue, if any, between the estimated amounts recognized and the actual revenues due are charged or credited to premium revenue in the year when the actual amounts are determined.

(d) Use of Estimates

The preparation of financial statements in accordance with PSA-NPO requires that FSCO's management make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses for the period. Estimates and assumptions may change over time as new information is obtained or subsequent developments occur. Actual results could differ from these estimates and the differences could be material. Areas where significant estimates must be made include premium revenue and claims payable.

Ontario

4. INVESTMENTS

As administrator of the investment assets of the Fund, FSCO has formed a Fund Management Committee, developed a Statement of Investment Policies and Guidelines and appointed the Ontario Financing Authority, a related party, as investment manager. The statement provides operational objectives, investment principles, policies and guidelines for the management of the investments and is reviewed annually.

Investments consist of:

	2013 ($ 000)		2012 ($ 000)	
	Fair Value	Cost	Fair Value	Cost
Discounted notes	252,205	252,204	210,731	210,731
Government bonds	93,116	93,111	22,354	22,374
	345,321	345,315	233,085	233,105

Investment income includes interest earned from interest bearing securities and realized gains and losses from the sale of securities.

The Fund's investment portfolio is exposed to various risks, which are mitigated by the type of investment and therefore risk is low.

The market value sensitivity of the portfolio at the end of the last quarter was $600 thousand for a 1.00% change in rates.

Discounted notes with maturities between April 2013 and July 2013 have yields in the range of 0.960% to 1.140% (2012 — maturities between April 2012 and July 2012 and yields in the range of 0.926% to 1.150%).

Government bonds with maturities between June 2013 and December 2013 have yields in the range of 1.275% to 1.294% (2012 — maturities between April 2012 and June 2012 and yields of 1.599% and 1.981%).

5. LOAN PAYABLE

Non-interest Bearing Loan

On March 31, 2004, the Fund obtained a $330 million loan from the Province, a related party. The loan is non-interest bearing and repayable to the Province in thirty equal annual installments of $11 million. The loan agreement provides for the Minister of Finance to advance any installment payment date depending on the cash position of the Fund. Repayments over the next five years total $55 million.

The face value of this non-interest bearing loan has been discounted at an effective interest rate of 5.0368% to reflect its fair value outstanding as of March 31, 2013 as follows:

	2013 ($ 000)	2012 ($ 000)
Face Value	231,000	242,000
Less: Discount	(90,423)	(97,691)
Fair Value	140,577	144,309
Classified as:		
Current Portion	11,000	11,000
Long Term Portion	129,577	133,309
Balance	140,577	144,309

The discount will be amortized to loan discount expense over the term of the loan based on the effective interest rate method. Amortization for the subsequent five fiscal years is as follows:

Fiscal Year	($ 000)
2014	7,081
2015	6,883
2016	6,676
2017	6,458
2018	6,229

6. FINANCIAL INSTRUMENTS

The main risks that the Fund's financial instruments are exposed to are credit risk, liquidity risk and market risk.

Credit risk

Credit risk is the risk that the counterparty to a financial instrument may fail to discharge an obligation or commitment that it has entered into. The Fund is exposed to credit risk relating to the collection of receivables. The Fund considers this risk to be low.

The Fund's accounts receivable consists of premium revenue of $139 million, investment income of $390 thousand and the GST/HST receivable of $61 thousand.

The premium revenue receivable recorded is based on a one year projection time frame and the probability for a pension plan to become insolvent and not pay the premium within a year is very low. In addition, in the event that a pension plan would become insolvent within a year, there are legal options for the Fund that can be exercised to collect the premiums. Historically, the Fund has been able to collect the amounts estimated as premium receivable.

The risk of not collecting the investment income and the GST/HST receivable is considered to be minimal.

Liquidity Risk

The Fund's exposure to liquidity risk is minimal as the Fund has sufficient funds in its investment portfolio to settle all current liabilities. As at March 31, 2013, the Fund had an investment balance of $345 million (2012 — $233 million) to settle current liabilities of $101 million (2012 — $128 million). In addition, the Fund has the ability to meet sudden and unexpected claims by converting the investment holdings to cash without delay or significant transaction costs.

Market risk

Market risk arises from the possibility that changes in market prices will affect the value of the financial instruments of the Fund. Short-term financial instruments (receivables, accounts payable) are not subject to significant market risk. The Fund manages its market risk by investing assets in low-risk and liquid securities. The Fund's market risk is considered to be low.

7. PENSION PLAN RECOVERIES

Following distribution of claims and submission of a final wind up report any remaining funds are recovered by the Fund. During fiscal 2013, $52.8 million (2012 — $12.4 million) in recoveries were made by the Fund. The total recoveries of $12 — 15 million dollars are expected in fiscal 2014.

8. PENSION CONSULTING SERVICES

The Fund periodically engages the services of experts to represent the Fund's interests with respect to companies which have made claims against the Fund. For fiscal 2013, $1,419 thousand was paid to such experts related to negotiations involving one company (2012 — $2,064 thousand involving one company).

9. RELATED PARTY TRANSACTIONS

For fiscal 2013, an administration fee of $474 thousand (2012 — $480 thousand) was incurred and has been paid to FSCO for management salaries and benefits, accounting, information technology, legal, pension and other services. The Fund and FSCO are related parties.

Investment Management fees of $96 thousand include fees of $89 thousand (2012 — $78 thousand) paid to the Ontario Financing Authority, a related party.

The costs of processing premium revenue transactions are absorbed by FSCO without charge to the Fund.

Other related party transactions during the year have been disclosed in notes 4 and 5.

Ontario

MOTOR VEHICLE ACCIDENT CLAIMS FUND

(Established under the Motor Vehicle Accident Claims Act)

FINANCIAL STATEMENTS

MARCH 31, 2013

Management's Statement

Financial Services Commission of Ontario

Commission des services financiers de l'Ontario

Ontario

MOTOR VEHICLE ACCIDENT CLAIMS FUND

Management Responsibility for Financial Information

Management is responsible for the financial statements and all other information presented in the financial statements. Management in accordance with Canadian generally accepted accounting principles has prepared the financial statements and where appropriate included amounts based on Management's best estimates and judgements.

Management agrees with the work of the specialists in evaluating the Unpaid Claims amount and has adequately considered the qualifications of the specialist in determining amounts and disclosures used in the notes to financial statements. Management did not give any, nor cause any, instructions to be given to specialists with respect to values or amounts derived in an attempt to bias their work, and we are not aware of any matters that have impacted the independence or objectivity of the specialists.

The Motor Vehicle Accident Claims Fund is dedicated to the highest standards of integrity in provision of its services. Management has developed and maintains financial controls, information systems and practices to provide reasonable assurances on the reliability of financial information and that the assets were safeguarded. Internal audits are conducted to assess management systems and practices and reports are issued to the CEO and Superintendent of Financial Services of the Financial Services Commission of Ontario (the "FSCO") and the FSCO Audit Committee.

Ernst & Young, Chartered Accountants who are engaged under the direction of the Auditor General, have examined the financial statements. The auditor's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian generally accepted accounting principles. The auditor's report outlines the scope of the auditor's examination and report.

Izabel Scovino
Senior Manager (A)
Motor Vehicle Accident Claims Fund

Peter McGuinness
Manager, Finance and Accounting
Motor Vehicle Accident Claims Fund

Auditor's Statement

INDEPENDENT AUDITORS' REPORT

To the Audit and Risk Committee of the Financial Services Commission of Ontario and the Auditor General of Ontario

Pursuant to our appointment as auditor of the **Motor Vehicle Accident Claims Fund** (the "Fund" or "MVACF"), which audit is under the direction of the Auditor General of Ontario, we have audited the accompanying financial statements of the Fund, which comprise the statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011, and the statements of operations and MVACF deficit and cash flows for the years ended March 31, 2013 and March 31, 2012, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the **Motor Vehicle Accident Claims Fund** as at March 31, 2013, March 31, 2012 and April 1, 2011 and its financial performance and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian Public Sector Accounting Standards.

Ernst & Young LLP

Kitchener, Canada
July 3, 2013

Chartered Accountants
Licensed Public Accountants

ERNST & YOUNG

A member firm of Ernst & Young Global Limited

Statement of Financial Position

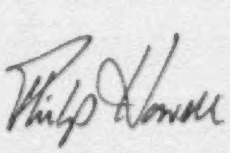
As at March 31, 2013

MOTOR VEHICLE ACCIDENT CLAIMS FUND
(Established under the Motor Vehicle Accident Claims Act)

	March 31, 2013 $	March 31, 2012 $	April 1, 2011 $
ASSETS			
Current			
Funds on deposit with the Ministry of Finance	39,810,176	43,967,853	44,483,824
Accounts receivable – driver's licence fees	2,505,530	2,541,775	2,881,951
Accounts receivable – debtors (Note 3c)	52,285,039	48,394,734	45,920,998
Less: allowance for doubtful accounts	37,352,865	31,496,957	28,716,139
	14,932,174	16,897,777	17,204,859
Long-term			
Tangible capital assets (Note 4)	553,975	549,485	571,899
Less: accumulated amortization	541,700	532,891	544,230
	12,275	16,594	27,669
Unpaid claims recoverable (Note 5)	1,218,145	1,499,442	1,850,739
Total assets	58,478,300	64,923,441	66,449,042
LIABILITIES AND MVACF DEFICIT			
Accounts payable and accrued expenses	778,687	899,019	1,491,865
Employee future benefits obligation (Note 3g)	614,005	601,267	577,203
Deferred revenue	69,917,246	69,646,054	68,854,672
Unpaid claims and adjustment expenses (Note 5)	143,256,585	138,709,542	157,839,053
Total liabilities	214,566,523	209,855,882	228,762,793
MVACF deficit (Note 2)	(156,088,223)	(144,932,441)	(162,313,751)
Total liabilities and MVACF deficit	58,478,300	64,923,441	66,449,042

See accompanying notes.

APPROVED:



Philip Howell
Chief Executive Officer and
Superintendent of Financial Services
Financial Services Commission of Ontario

Statement of Operations and MVACF Deficit

For the Year Ended March 31, 2013

Ontario

MOTOR VEHICLE ACCIDENT CLAIMS FUND
(Established under the Motor Vehicle Accident Claims Act)

	2013 $	2012 $
REVENUE		
Fees on issue or renewal of driver's licences	28,473,324	28,611,773
Change in deferred revenue	(271,193)	(791,382)
Fees earned	28,202,131	27,820,391
Prior year recoveries	1,521,761	2,366,379
Other revenue	4,888	2,188
Total revenue	29,728,780	30,188,958
EXPENSES		
Change in net unpaid claims and adjustment expenses	4,828,340	(18,778,214)
Accident benefit claims payments	22,974,433	18,797,230
Administrative expenses		
Salaries and wages	1,740,928	1,720,952
Employees' benefits	277,925	264,767
Transportation and communication	26,878	25,905
Claims (solicitors' fees, etc.)	2,249,325	1,760,484
Accident benefit claims expense	2,082,770	1,687,485
Other services	1,346,492	1,345,880
Bad debts expense	5,332,956	5,958,150
Supplies and equipment	15,707	13,172
Amortization expense	8,808	11,837
Total expenses	40,884,562	12,807,648
Excess (deficiency) of revenue over expenses	(11,155,782)	17,381,310
MVACF deficit, beginning of year	(144,932,441)	(162,313,751)
MVACF deficit, end of year	(156,088,223)	(144,932,441)

See accompanying notes.

Statement of Cash Flows

For the Year Ended March 31, 2013

MOTOR VEHICLE ACCIDENT CLAIMS FUND
(Established under the Motor Vehicle Accident Claims Act)

	2013 $	2012 $
OPERATING ACTIVITIES		
Cash inflows		
Fees on issue or renewal of driver's licences	28,509,570	28,951,958
Repayment by debtors	1,133,398	1,545,393
Prior year recoveries	1,521,761	2,366,379
Other revenue	4,888	2,188
	31,169,617	32,865,918
Cash outflows		
Statutory payments	(27,557,623)	(26,405,452)
Payments to employees	(2,128,737)	(1,949,413)
Administrative expenses	(5,636,444)	(5,026,262)
	(35,322,804)	(33,381,127)
Net cash outflow from operating activities	(4,153,187)	(515,209)
INVESTING ACTIVITIES		
Cash outflows		
Acquisition of computer equipment	(4,490)	(762)
Net cash outflow from investing activities	(4,490)	(762)
Net decrease in funds on deposit with the Ministry of Finance	(4,157,677)	(515,971)
Funds on deposit with the Ministry of Finance, beginning of year	43,967,853	44,483,824
Funds on deposit with the Ministry of Finance, end of year	39,810,176	43,967,853

See accompanying notes.

Notes to Financial Statements

March 31, 2013

Ontario

1. STATUTORY AUTHORITY

The Motor Vehicle Accident Claims Fund (MVACF) operates under the authority of the *Motor Vehicle Accident Claims Act* (the *Act*), R.S.O. 1990, Chapter M.41 as amended.

2. MVACF OPERATIONS

MVACF is a program that was created on July 1, 1947 as the Unsatisfied Judgment Fund. Initially, MVACF was required to respond to victims of uninsured motorists and hit-and-run drivers who could not recover damages awarded by the courts from an automobile insurance company. MVACF legislation was amended in the early 1960s, in 1979 with the *Compulsory Automobile Insurance Act*, and in 1990 by the *Insurance Statute Law Amendment Act* which required MVACF to include in its statutory payments, accident benefits on a no-fault basis for the first time. Currently, MVACF responds to claims in the same fashion and with the same exclusions as automobile insurers in Ontario, and provides for two types of coverage: third-party bodily injury and property damage liability (collectively referred to as TPL), and statutory accident benefits (or SABS) in accordance with legislated requirements.

The coverage provided by MVACF is analogous to the minimum required coverage under the standard automobile policy (OAP 1) approved by the provincial regulator. Unlike insurance companies, MVACF does not cover claims where the accidents occur outside of Ontario, except in the case of accident benefits where the Ontario insurer is insolvent. In the cases of insurance company insolvencies where MVACF pays claims for accident benefits, MVACF has powers to assess the industry to recover for claims and adjustment expenses and also has claimant rights against the estate of the insolvent insurer.

MVACF operates administratively under the direction of the Financial Services Commission of Ontario (FSCO) and reimburses FSCO for the costs of the services it provides to MVACF.

The Lieutenant Governor in Council, having regard to the condition of MVACF and the amount paid out of MVACF during any period, may direct payment out of the Province's Consolidated Revenue Fund of such an amount as may be considered necessary or advisable to subsidize and fund MVACF's operations.

On April 1, 2012, MVACF adopted Canadian Public Sector Accounting Standards (PSAS). These are the first financial statements prepared in accordance with PSAS. In accordance with the transitional provisions of PASA, MVACF has adopted the changes retrospectively. The transition date is April 1, 2011 and all comparative information provided has been presented by the Standards. No transitional adjustments were required upon transition and no exemptions were applicable to MVACF.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements are summarized as follows:

a) Driver's Licence Fees and Deferred Revenue

MVACF earns a fee of $15.00 on the issuance or renewal of each driver's five-year licence. The income is earned on a pro-rata basis over the five-year term of the licence and the unearned portion is reflected as deferred revenue.

b) Accounts Receivable — Fees

Under the *Act*, MVACF receives from the Ministry of Transportation and Serco DES a monthly internal transfer and payment representing the driver's licence fee prescribed by *Ontario Regulation 800*. Accordingly, unremitted licence fees are reported as accounts receivable.

c) Accounts Receivable — Debtors and Restatement

MVACF maintains an accounts receivable portfolio, accumulated over the years as a result of judgments and claims assigned to the Minister of Finance. MVACF will pay damages to injured, not-at-fault victims who have no recourse to liability insurance, on behalf of defendant uninsured motorists. In accordance with the *Act*, these amounts are recoverable from the uninsured motorists. Total repayments received from debtors are reflected in the statement of cash flows.

The allowance for doubtful accounts is determined through a process that considers: the age of defendant/debtor, the defendant/debtor's current monthly installment required under the regulations, the amount paid out of MVACF and the activity on the account since the date of the judgment.

The write-off process depends on established criteria that parallel the criteria established by the Ministry of Finance. These criteria are used to select a block of accounts at the beginning of April that is reviewed by collections staff.

The Ministry of Finance, Internal Audit Section audits the work of the collections staff and provides a certificate of assurance to verify that the established criteria for the write-off have been met. The write-off transaction is authorized by an order-in-council under the authority set out in the *Financial Administration Act*.

In the current year, $0.5 million (March 31, 2012 — $0.8 million; April 1, 2011 — $1.6 million) of the accounts receivable was reinstated through the bad debt expense account.

For March 31, 2013, a write-off of $4.5 million was submitted to the Ministry of Finance but has not yet been approved. Write-offs of $4.0 million for March 31, 2012 and $5.3 million for April 1, 2011 have previously been approved, through an order-in-council and recorded in the respective years.

d) Prior Year Recoveries

Prior year recoveries are generated from three main sources: insurance recoveries, reversionary interest (note 6 — Contingent Gains and Liabilities) and recoveries of court costs. MVACF is required under the Statutory Accident Benefits Schedule (SABS) to satisfy the payment of accident benefits claims within specified periods. The timeframe does not allow for a complete investigation into available insurance coverage and in some instances information is withheld by police because of criminal investigations.

Accordingly, when new information is available, MVACF may be required to pursue private insurers for recoveries.

From time to time MVACF may also be involved in the defense of uninsured motorists or the Superintendent of the FSCO, where the legal proceedings are deemed frivolous and MVACF is awarded costs by the courts.

Prior year recoveries are recorded in the period they are determined. In the current year, $1.5 million (March 31, 2012 — $2.4 million) in recoveries were recorded but related to prior year claims.

e) Unpaid Claims

Unpaid claims represents the estimated amounts required to settle all unpaid claims, including an amount for unreported claims and claim expenses, and is gross of estimated recoveries and subrogation. Claim liabilities are established according to accepted actuarial practice in Canada as applied to public personal injury compensation plans. They do not reflect the time value of money, because MVACF reports no investment income.

The provision for unpaid claims and adjustment expenses consists of estimates that are necessarily subject to uncertainty, and the variability could be material in the near term. The estimates are selected from a range of possible outcomes and are adjusted up or down, as additional information becomes known during the course of loss settlement. The estimates are principally based on historical experience but variability can be caused by changes in judicial interpretations of contracts or significant changes in severity and frequency of claims from historical trends. All changes in estimates are recorded in the current period.

MVACF has obligations to pay certain fixed amounts to claimants on a recurring basis and has purchased annuities from life insurers to provide for those payments in the form of structured settlements (note 6).

Settlements occur when there is an irrevocable direction from MVACF to the life insurer to make all payments directly to the claimant. There are no rights under the non-commutable, non-assignable, non-transferable contract that would provide any current or future benefit to MVACF. MVACF remains liable to make payments only in the event that the life insurer fails and only to the extent that Assuris, the life insurance industry's insolvency compensation fund, will not cover payments due. The net risk to MVACF is any credit risk related to the life insurers. This credit risk is deemed nil at March 31, 2013 (March 31, 2012 — nil; April 1, 2011 — nil) as all insurers are rated A+ or above. There exists the possibility of contingent gains based on the fact that MVACF has purchased insurance on some of the measured lives. Such amounts are described in note 6 — Contingent Gains and Liabilities.

f) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires that MVACF's management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions may change over time as new information is obtained or subsequent developments occur. Actual results could differ from these estimates. The most significant estimates relate to the provision for unpaid claims and adjustment expenses, unpaid claims recoverable, contingent liabilities and employee future benefits.

g) Recognition of Contingent Assets and Liabilities

A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events, or where the amount of the obligation cannot be measured with reasonable reliability. Contingent assets are not recognized, but are disclosed where an inflow of economic benefits is probable.

i) Employee Future Benefits Obligation

Prior to 2007, MVACF did not record the liabilities pertaining to the legislative severance and compensated absences components of its employee future benefits costs because these liabilities had been determined and recognized by the Province of Ontario (the Province) in its consolidated financial statements. While the Province continues to accrue for these costs each year and fund them annually when due, the Auditor General of Ontario has requested and management has agreed that MVACF also recognize the liability for these costs in these financial statements.

ii) Employee Benefits

MVACF's employees are entitled to benefits that have been negotiated centrally for Ontario Public Service employees. The future liability for benefits earned by MVACF's employees is recognized in the Province's consolidated financial statements.

These benefits are accounted for by MVACF as follows:

Employee Future Benefits Obligation

The costs of any legislated severance and unused vacation entitlements earned by employees are recognized when earned by eligible employees. Legislated severance is non-actuarially estimated based on one week's pay for every year of service for those employees with a minimum of five years of service. In the current year, $614,005 (March 31, 2012 — $601,267; April 1, 2011 — $577,203) was recorded with respect to these benefits. An expense of $12,739 (2012 — $24,064) was recorded in the current year as part of employee benefits in the statement of operations and MVACF deficit.

Other Non-Pension Post-Employment Benefits

The cost of other non-pension post-employment benefits is determined and funded on an ongoing basis by the Ontario Ministry of Government Services and, accordingly, is not included in these financial statements.

4. TANGIBLE CAPITAL ASSETS

Leasehold improvements, computer equipment, furniture and fixtures, and office equipment are carried at cost less accumulated amortization. MVACF provides for amortization on a straight-line basis over the term of the lease (for leasehold improvements) or over the useful life of the asset. Accordingly, leasehold improvements and furniture and fixtures are amortized over 5 years, while computer equipment and office equipment are amortized over 3 years.

	March 31, 2013 ($)		
	Cost	Accumulated Amortization	Net Book Value
Computer equipment	30,153	18,386	11,767
Office equipment	7,406	6,898	508
Furniture and fixtures	16,416	16,416	-
Leasehold improvements	500,000	500,000	-
	553,975	541,700	12,275

	March 31, 2012 ($)		
Computer equipment	25,663	9,831	15,832
Office equipment	7,406	6,644	762
Furniture and fixtures	16,416	16,416	-
Leasehold improvements	500,000	500,000	-
	549,485	532,891	16,594

	April 1, 2011 ($)		
Computer equipment	48,839	24,453	24,386
Office equipment	6,644	6,644	-
Furniture and fixtures	16,416	13,133	3,283
Leasehold improvements	500,000	500,000	-
	571,899	544,230	27,669

5. UNPAID CLAIMS AND ADJUSTMENT EXPENSES

a) MVACF's unpaid claims and adjustment expenses consist of the following:

	March 31, 2013 ($)		March 31, 2012 ($)		April 1, 2011 ($)	
(in thousands of dollars)	**Gross**	**Recoverable**	**Gross**	**Recoverable**	**Gross**	**Recoverable**
ACCIDENT BENEFITS						
Statutory accident benefits	92,291	–	91,290	–	104,252	–
THIRD-PARTY LIABILITY (TPL)						
Property damage	1,103	19	1,115	23	890	20
Bodily injury	49,862	1,199	46,304	1,476	52,697	1,831
Total TPL	50,965	1,218	47,419	1,499	53,587	1,851
Totals	143,256	1,218	138,709	1,499	157,839	1,851

b) The change in gross provision for unpaid claims and adjustment expenses is as follows:

(in thousands of dollars)	**March 31, 2013 ($)**	**March 31, 2012 ($)**	**April 1, 2011 ($)**
Balance, beginning of year	138,709	157,839	170,309
Increase (decrease) in provision for losses that occurred in prior years	7,562	(17,376)	(19,533)
Amounts paid during the year on claims of prior years			
Statutory payments	(27,214)	(25,489)	(20,165)
Claims expenses	(7,198)	(6,613)	(7,093)
Amounts paid during the year on claims of the current year			
Statutory payments	(459)	(505)	(576)
Claims expenses	(121)	(131)	(203)
Provision for losses on claims that occurred in the current year	31,977	30,984	35,100
Balance, end of year	143,256	138,709	157,839

Ontario

6. CONTINGENT GAINS AND LIABILITIES

a) Contingent Gains

Some payments out of MVACF are in the form of structured settlements for accident benefit claims. These claims have guarantee periods ranging from 10 to 30 years and during this period the reversionary interest will be payable to Her Majesty the Queen in right of Ontario, as represented by the Minister of Finance, should the claimant die.

Even though the range of probability that the claimant may die during the guarantee period is slight, MVACF nevertheless has calculated the approximate reversionary interest represented by insurance on the claimant lives as at March 31, 2013 for information purposes.

As at March 31, 2013, the amount paid out of MVACF for accident benefit claims in the form of structured settlements was approximately $37.1 million (March 31, 2012 — $31.6 million; April 1, 2011 — $25.7 million) with applicable reversionary interest of approximately $27.1 million (March 31, 2012 — $23.7 million; April 1, 2011 — $18.7 million).

b) Contingent Liabilities

In accordance with PSAS, MVACF makes a provision for a liability when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. These provisions are reviewed annually and adjusted to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel and other information and events pertaining to a particular case. Litigation is inherently unpredictable and it is possible that MVACF's financial position, cash flows or results of operations could be negatively affected by an unfavourable resolution to court decision.

7. SUBSEQUENT EVENT

Subsequent to year-end, a decision was reached related to the collectability and repayment of certain amounts by a debtor. MVACF is currently in the process of evaluating the implications of the decision and whether or not there are amounts that may need to be repaid to or are no longer collectable by other debtors. The amount of the loss is not reasonably estimable at this time. The amounts may be material to the financial statements.

8. ROLE OF THE ACTUARY AND AUDITOR

The FSCO retains an independent actuary who acts as MVACF's actuary. The actuary's responsibility is to carry out an annual valuation of MVACF's liabilities, which include provision for unpaid claims and adjustment expenses in accordance with accepted actuarial practice. In performing the valuation, the actuary makes assumptions as to the future rates of claims frequency and severity, inflation, recoveries, and expenses, taking into consideration the circumstances of MVACF. The actuary in his verification of the underlying data used in the valuation also makes use of the work of the external auditor. The actuary's report outlines the scope of his work and opinion.

The external auditors act under the direction of the Auditor General of Ontario pursuant to agreed terms of engagement. Their responsibility is to conduct an independent and objective audit of the financial statements in accordance with Canadian generally accepted auditing standards and report thereon to the Audit and Risk Committee of the FSCO. In carrying out their audit, the auditors also consider the work of the actuary and his report on the provision for claims and claim expenses. The auditors' report outlines the scope of their audit and their opinion.

SUPERINTENDENT'S REPORT ON INSURANCE

2012

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Ontario

Superintendent's Report 2012

The following information was obtained from the annual filings and, in the case of federally registered insurers, from the Office of the Superintendent of Financial Institutions. While every effort has been made to ensure the accuracy of this report, decisions should not be made solely on the information contained in it. Other sources should also be consulted. Any material changes to this information will be reported to the Minister of Finance and published in *The Ontario Gazette*.

The information is organized by type of insurer, and insurers are listed alphabetically within each group.

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Letter to Minister of Finance

Ontario

The Honourable Charles Sousa
Minister of Finance
7 Queen's Park Crescent
Toronto ON M7A 1Y7

Dear Minister:

I am pleased to present the 134th annual report under Section 36 of the Insurance Act for the year ended December 31, 2012. Prior to the creation of the Financial Services Commission of Ontario, this report was issued by the Superintendent of Insurance.

In addition to the information contained in this report, a listing of all licensed insurers is published each July in *The Ontario Gazette*. This list contains the names of the insurers, their addresses, telephone numbers, chief agents, and the classes for which they are licensed. During the year, information concerning newly licensed insurers and changes to existing licences is also published in Bulletins issued by the Financial Services Commission of Ontario. Any broker or member of the public can verify whether a particular insurer is licensed by calling our offices at (416) 250-7250. This information is also available on the Commission's Internet site — www.fsco.gov.on.ca.

News releases containing other information of public interest are made throughout the year. These announcements effectively reach a large number of Ontario residents. Information is also supplied to industry trade associations for inclusion in their publications to reach more specialized audiences. The Financial Services Commission of Ontario issues Bulletins as required to provide information to insurers and other individuals interested in the insurance industry.

Yours sincerely,

Philip Howell
Chief Executive Officer and
Superintendent of Financial Services

Summary Financial Information

Ontario

SUMMARY OF COMPANIES LICENCED BY TYPE OF BUSINESS ACTIVITY as of December 31, 2012, and December 31, 2011

Analysis of 2012 total

Business Type	Total 2011	Additions	Withdrawals	Total 2012	Ontario	Extra Provincial	Federal
Property & Casualty Companies	205	3*	3	205	52	15	138
Life Insurance Companies	76	0	2	74	1	14	59
Reinsurance Companies	38	0	2	36	2	1	33
Reciprocal Exchanges	10	1	0	11	7	3	1
Fraternal Societies	17	0	2	15	2	0	13
Totals	346	4	9	341	64	33	244

* *Sunderland Marine Mutual Insurance Company and AXA Insurance Inc. were licenced in 2011 but unintentionally omitted from the 2011 Superintendent's Report.*

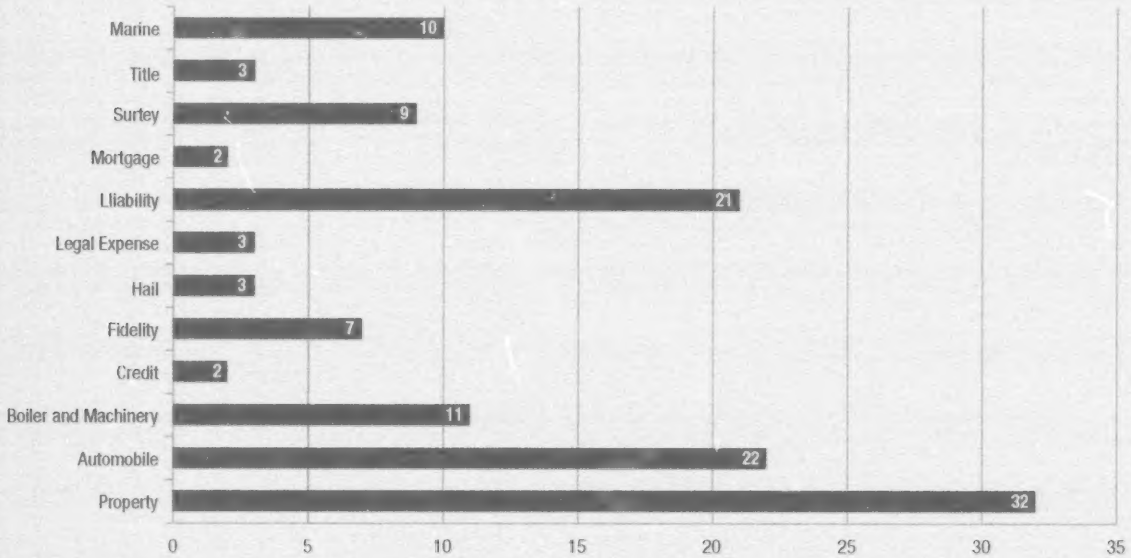
Notes:

1. *Companies writing both property & casualty and life business are listed under Life in the above summary. Their financial performance is shown separately by business type in the following report.*
2. *Branch operations are included in the Federal totals.*
3. *The Superintendent's Report 2012 records figures as of the end of the calendar year (December 31, 2012), based on the companies' annual filings. The Financial Services Commission of Ontario Annual Report 2012–2013 records figures as of the end of the fiscal year (March 31, 2013).*

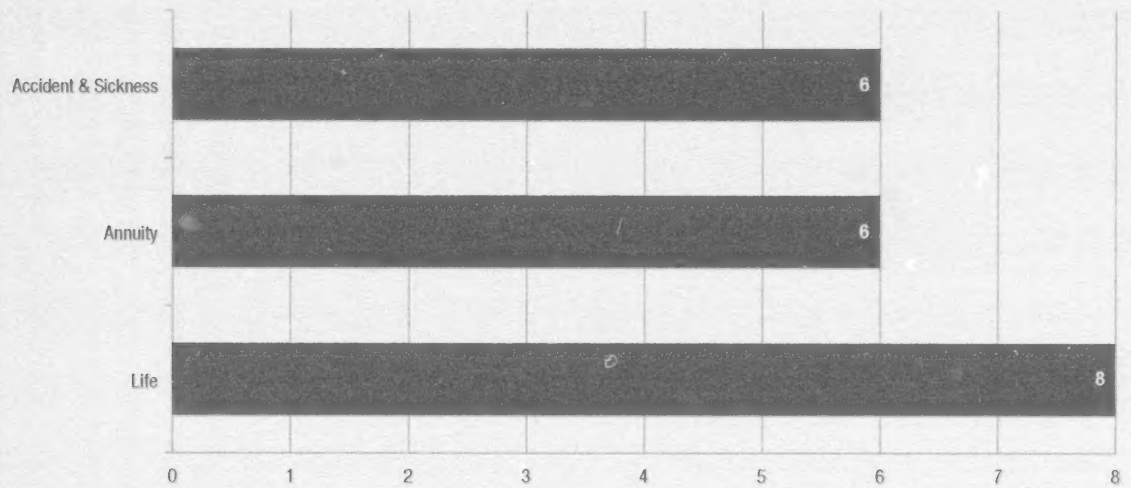
Insurer Statistics

To gauge the level of competition, FSCO calculates how many companies represent 80 percent of the market for key products. These figures are based on individual companies rather than groups of affiliated companies.

2012 Property and Casualty Insurers
Number of Companies Representing 80% of Ontario Market Share



2012 Life Insurers
Number of Companies Representing 80% of the Ontario Market Share



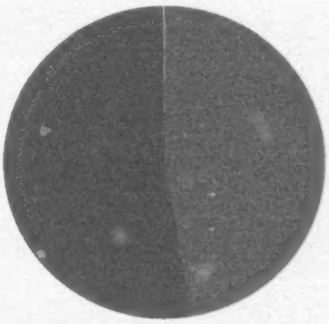
Premium Statistics

Ontario

Insurance is a $41 billion business in Ontario. In 2012, of the total premium dollar volume, 52% went to property and casualty (including automobile) insurance industry and 47.1 per cent went to the life insurance industry.

2012 Direct Premium Volume in Ontario

Total $41,288 million

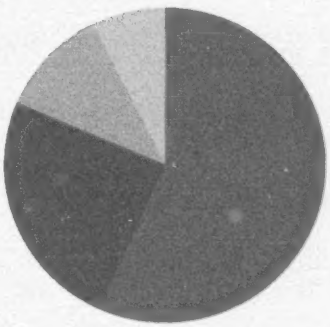


- Life Insurance Companies 19,451 (47.1%)
- Property & Casualty Insurers 21,463 (52.0%)
- Others 374 (0.9%)

P&C insurers received $21.5 billion in premiums in 2012. The split among automobile, property and liability remained consistent compared to 2011.

2012 Property & Casualty Companies Direct Written Premiums in Ontario By Line

Total Premiums Written $21,463 million

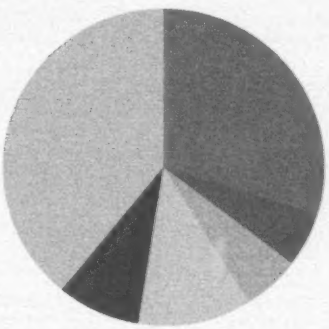


- Automobile 12,199 (56.8%)
- Property 5,281 (24.6%)
- Liability 2,424 (11.3%)
- Other 1,559 (7.3%)

The broad pattern among life insurance companies likewise remained constant. Of the $19.5 billion spent on premiums to the life insurers, 13.8 percent went to buy annuities, 41.3 percent to purchase individual and group life coverage and 44.9 percent to obtain accident and sickness insurance.

2012 Life Companies Direct Written Premiums in Ontario

Total Premiums Written $19,451 million



- Life-Individual 5,777 (29.8%)
- Annuities – Individual 1,096 (5.6%)
- Accident & Sickness – Individual 1,128 (5.8%)
- Life-Group 2,244 (11.5%)
- Annuities – Group 1,594 (8.2%)
- Accident & Sickness – Group 7,612 (39.1%)

Property & Casualty Insurance Companies

NOTES	FINANCIAL SUMMARY Year ended December 31, 2012	ONTARIO BUSINESS		TOTAL COMPANY				
		Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of assets over liabilities	Claims Incurred to earned premium	Net Income/ (Loss)
	(In thousands)	$	$	$	$	$	%	$
	ONTARIO							
	ALGOMA MUTUAL INSURANCE COMPANY	11,107	9,712	24,591	18,397	6,194	66%	15
	AMHERST ISLAND MUTUAL INSURANCE COMPANY	791	131	2,682	623	2,059	21%	256
	AYR FARMERS' MUTUAL INSURANCE COMPANY	23,039	11,009	70,233	33,280	36,953	41%	5,245
	BAY OF QUINTE MUTUAL INSURANCE CO.	21,100	11,333	48,636	21,526	27,110	50%	2,622
	BERTIE AND CLINTON MUTUAL INSURANCE COMPANY	12,251	6,526	62,390	28,866	33,524	51%	1,917
	BRANT MUTUAL INSURANCE COMPANY	6,538	4,252	19,372	12,659	6,713	51%	400
	CAA INSURANCE COMPANY (ONTARIO)	176,086	104,205	474,143	367,970	106,173	59%	17,926
	CARADOC DELAWARE MUTUAL FIRE INSURANCE COMPANY	1,818	744	8,462	1,831	6,631	38%	337
	CAYUGA MUTUAL INSURANCE COMPANY	7,847	3,773	26,365	13,216	13,149	37%	1,510
	COACHMAN INSURANCE COMPANY	63,125	47,609	213,910	160,492	53,418	63%	9,254
	DUFFERIN MUTUAL INSURANCE COMPANY	8,653	3,580	30,532	24,857	5,675	43%	695
	DUMFRIES MUTUAL INSURANCE COMPANY	13,952	4,481	52,083	25,794	26,289	47%	2,160
	ERIE MUTUAL FIRE INSURANCE COMPANY	5,829	2,327	22,539	6,630	15,909	53%	527
	FARMERS' MUTUAL INSURANCE COMPANY (LINDSAY)	92,962	42,409	260,749	166,187	94,562	54%	12,035
	FENCHURCH GENERAL INSURANCE COMPANY	9,900	5,378	22,099	15,377	6,722	48%	173
	GERMANIA MUTUAL INSURANCE COMPANY	17,179	7,652	37,553	20,145	17,408	45%	2,526
	GLENGARRY MUTUAL INSURANCE COMPANY	10,993	5,630	26,484	13,965	12,519	49%	877
	GRENVILLE MUTUAL INSURANCE COMPANY	22,704	14,747	71,861	36,604	35,257	49%	3,281
	GREY & BRUCE MUTUAL INSURANCE COMPANY	2,929	1,469	4,821	2,286	2,535	57%	48
	HALWELL MUTUAL INSURANCE COMPANY	17,088	7,140	56,287	30,370	25,917	34%	4,405
	HAMILTON TOWNSHIP MUTUAL INSURANCE COMPANY	21,131	11,592	63,649	40,139	23,510	41%	3,203
	HAY MUTUAL INSURANCE COMPANY	9,061	7,000	45,242	15,360	29,882	56%	1,555
	HOWARD MUTUAL INSURANCE COMPANY	10,613	6,541	45,283	17,813	27,470	53%	1,269
	HOWICK MUTUAL INSURANCE COMPANY	14,223	5,561	31,760	21,238	10,522	42%	2,067
	KENT & ESSEX MUTUAL INSURANCE COMPANY	22,870	8,891	75,367	38,415	36,952	49%	3,523
	L&A MUTUAL INSURANCE COMPANY	9,326	4,359	15,443	9,122	6,321	61%	300
	LAMBTON MUTUAL INSURANCE COMPANY	18,879	12,428	62,520	33,688	28,832	62%	1,831

Property & Casualty Insurance Companies

NOTES	FINANCIAL SUMMARY Year ended December 31, 2012 (in thousands)	ONTARIO BUSINESS Direct Written Premiums $	ONTARIO BUSINESS Direct Claims Incurred $	TOTAL COMPANY Total Assets $	TOTAL COMPANY Total Liabilities $	TOTAL COMPANY Excess of assets over liabilities $	TOTAL COMPANY Claims Incurred to earned premium %	TOTAL COMPANY Net Income/ (Loss) $
	LANARK MUTUAL INSURANCE COMPANY	20,882	10,485	68,224	23,980	44,244	46%	3,060
	LAWYERS' PROFESSIONAL INDEMNITY COMPANY	110,399	105,308	611,041	439,470	171,571	101%	-2,914
1	MARKHAM GENERAL INSURANCE COMPANY (IN LIQUIDATION)	0	0	0	0	0	n/a	0
	MAX CANADA INSURANCE COMPANY	4,999	1,909	20,298	12,849	7,449	46%	179
	MCKILLOP MUTUAL INSURANCE COMPANY	8,677	3,384	24,238	12,026	12,212	58%	548
	MIDDLESEX MUTUAL INSURANCE CO.	11,200	7,308	43,237	25,192	18,045	56%	1,830
	NORFOLK MUTUAL INSURANCE COMPANY	6,723	4,877	19,865	9,825	10,040	55%	658
	NORTH BLENHEIM MUTUAL INSURANCE COMPANY	9,300	4,273	26,176	9,580	16,596	48%	1,687
	NORTH KENT MUTUAL FIRE INSURANCE COMPANY	7,962	6,290	35,136	15,606	19,530	82%	-265
	OXFORD MUTUAL INSURANCE COMPANY	11,183	4,394	29,021	14,526	14,495	43%	1,880
	PEEL MARYBOROUGH MUTUAL INSURANCE COMPANY	19,425	7,744	57,010	36,920	20,090	45%	2,822
	PEEL MUTUAL INSURANCE COMPANY	42,822	33,607	118,716	88,644	30,072	74%	2,096
	PRO-DEMNITY INSURANCE COMPANY	19,299	10,376	86,780	60,678	26,102	91%	67
	SOUTH EASTHOPE MUTUAL INSURANCE COMPANY	14,201	8,498	50,060	23,155	26,905	53%	1,927
	THE WEST WAWANOSH MUTUAL INSURANCE COMPANY	16,204	9,981	47,106	25,901	21,205	48%	2,172
	THE WESTMINSTER MUTUAL INSURANCE COMPANY	9,395	4,913	19,789	12,792	6,997	46%	1,166
	THE YARMOUTH MUTUAL FIRE INSURANCE COMPANY	8,684	5,301	22,198	10,957	11,241	53%	775
	TOWN & COUNTRY MUTUAL INSURANCE COMPANY	11,382	6,577	35,711	19,366	16,345	60%	973
	TOWNSEND FARMERS' MUTUAL FIRE INSURANCE COMPANY	6,851	2,546	21,567	12,675	8,892	53%	702
	TRADITION MUTUAL INSURANCE COMPANY	13,255	4,454	36,815	19,392	17,423	39%	3,308
	TRILLIUM MUTUAL INSURANCE COMPANY	37,813	12,248	98,313	54,433	43,880	39%	6,855
2	TTC INSURANCE COMPANY LIMITED	0	0	157,749	157,649	100	n/a	0
	USBORNE AND HIBBERT MUTUAL FIRE INSURANCE COMPANY	5,665	2,696	37,332	6,204	31,128	55%	1,735
	WABISA MUTUAL INSURANCE COMPANY	7,886	4,100	22,908	15,246	7,662	59%	573
	WEST ELGIN MUTUAL INSURANCE COMPANY	10,697	4,660	41,272	19,742	21,530	42%	2,900
		1,046,898	**616,408**	**3,605,618**	**2,303,658**	**1,301,960**		**114,691**

Property & Casualty Insurance Companies

NOTES	FINANCIAL SUMMARY Year ended December 31, 2012	ONTARIO BUSINESS		TOTAL COMPANY				
		Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of assets over liabilities	Claims Incurred to earned premium	Net Income/ (Loss)
	(in thousands)	$	$	$	$	$	%	$
	EXTRA PROVINCIAL							
	ALBERTA MOTOR ASSOCIATION INSURANCE COMPANY	74	0	547,338	405,303	142,035	76%	14,772
	AXA INSURANCE INC.	0	0	6,186,696	4,031,063	2,155,633	62%	221,968
	BELAIR INSURANCE COMPANY INC.	54,767	29,964	867,614	703,369	164,245	62%	27,821
	CANADIAN FARM INSURANCE CORP.	81	33	10,796	4,389	6,407	48%	1,260
	CANASSURANCE INSURANCE COMPANY	1,404	539	76,229	68,221	8,008	46%	3,780
	GMS INSURANCE INC.	8,558	4,116	22,061	12,952	9,109	56%	1,520
	INDUSTRIAL ALLIANCE PACIFIC GENERAL INSURANCE CORPORATION	6,112	2,179	117,411	80,940	36,471	22%	4,136
	LA MUTUELLE D'ÉGLISE DE L'INTER-OUEST	7	0	5,561	401	5,160	17%	-202
	L'UNIQUE GENERAL INSURANCE INC.	777	0	299,249	233,614	65,635	59%	7,867
	MILLENNIUM INSURANCE CORPORATION	12,208	2,286	351,577	221,272	130,305	53%	20,665
	OPTIMUM INSURANCE COMPANY INC.	47,645	28,526	186,437	138,572	47,865	48%	5,748
	SGI CANADA INSURANCE SERVICES LTD.	140	17	391,573	280,210	111,363	58%	17,872
	THE CANADIAN UNION INSURANCE COMPANY	0	-55	434,805	343,506	91,299	70%	6,302
	TRANS GLOBAL INSURANCE COMPANY	8,074	150	10,011	4,150	5,861	4%	1,128
	UNICA INSURANCE INC.	93,795	64,119	352,923	254,865	98,058	61%	9,969
		233,642	**131,874**	**9,860,281**	**6,782,827**	**3,077,454**		**344,606**
	FEDERAL							
	ACE INA INSURANCE	134,551	102,843	1,412,862	1,084,298	328,564	81%	3,034
3	AIG INSURANCE COMPANY OF CANADA	342,087	168,094	4,676,466	3,356,377	1,320,089	54%	202,259
	ALLSTATE INSURANCE COMPANY OF CANADA	563,312	98,562	2,687,517	2,021,224	666,293	63%	141,069
4	ALTA SURETY COMPANY	0	0	0	0	0	n/a	0
	ASCENTUS INSURANCE LTD.	237	195	15,527	8,098	7,429	-48%	461
	ASSOCIATED ELECTRIC & GAS INSURANCE SERVICES LIMITED	5,812	1,862	153,411	87,390	66,021	49%	5,044
	AVIVA INSURANCE COMPANY OF CANADA	1,453,385	1,005,859	5,661,601	4,653,675	1,007,926	65%	94,724
	AXA INSURANCE (CANADA) AXA ASSURANCES (CANADA)	34,782	96,270	1,690,742	1,098,296	592,446	62%	94,212
	AXA PACIFIC INSURANCE COMPANY	8,812	15,783	1,473,225	922,123	551,102	62%	73,287
	CANADA GUARANTY MORTGAGE INSURANCE COMPANY	55,963	3,447	510,226	235,710	274,516	43%	14,018
	CANADIAN NORTHERN SHIELD INSURANCE COMPANY	1,630	1,097	324,300	259,277	65,023	56%	8,704
	CERTAS DIRECT INSURANCE COMPANY	295,447	231,850	1,010,831	816,302	194,529	69%	27,181
	CERTAS HOME AND AUTO INSURANCE COMPANY	1,563	1,213	11,307	6,253	5,054	82%	-191

Property & Casualty Insurance Companies

NOTES	FINANCIAL SUMMARY Year ended December 31, 2012	ONTARIO BUSINESS		TOTAL COMPANY				
		Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of assets over liabilities	Claims Incurred to earned premium	Net Income/ (Loss)
	(in thousands)	$	$	$	$	$	%	$
	CHUBB INSURANCE COMPANY OF CANADA	349,579	178,989	2,356,606	1,582,682	773,924	47%	141,676
5	CONSTITUTION INSURANCE COMPANY OF CANADA	0	0	2,578	50	2,528	n/a	-74
	CO-OPERATORS GENERAL INSURANCE COMPANY	758,715	113,679	4,909,214	3,469,102	1,440,112	63%	257,726
	COSECO INSURANCE COMPANY	149,250	95,240	559,164	421,537	137,627	70%	28,445
	CUMIS GENERAL INSURANCE COMPANY	61,426	36,891	223,543	158,307	65,236	57%	10,248
	DAS LEGAL PROTECTION INSURANCE COMPANY LIMITED	1,000	547	9,560	3,071	6,489	68%	-4,392
	ECHELON GENERAL INSURANCE COMPANY	115,459	22,963	457,776	340,745	117,031	66%	26,295
	ECONOMICAL MUTUAL INSURANCE COMPANY	836,735	134,695	4,842,754	3,378,541	1,464,213	61%	152,720
	ELITE INSURANCE COMPANY	71,470	34,322	717,730	584,014	133,716	60%	26,000
	EVEREST INSURANCE COMPANY OF CANADA	11,919	8,156	97,555	40,256	57,299	94%	-3,742
	FCT INSURANCE COMPANY LTD.	61,630	20,471	249,600	171,368	78,232	32%	8,838
	FEDERATED INSURANCE COMPANY OF CANADA	58,999	40,114	448,624	316,368	132,256	54%	19,927
	FEDERATION INSURANCE COMPANY OF CANADA	13,194	6,439	497,471	375,505	121,966	61%	11,688
	FIRST NORTH AMERICAN INSURANCE COMPANY	2,870	458	9,365	3,003	6,362	15%	657
	GENWORTH FINANCIAL MORTGAGE INSURANCE COMPANY CANADA	222,355	38,458	5,622,813	2,365,772	3,257,041	33%	487,689
	GORE MUTUAL INSURANCE COMPANY	279,740	183,932	759,394	557,380	202,014	65%	17,057
6	GRANITE INSURANCE COMPANY	0	0	0	0	0	n/a	0
	INTACT INSURANCE COMPANY	2,032,106	1,123,633	11,911,228	8,741,935	3,169,293	62%	217,179
	INTERNATIONAL INSURANCE COMPANY OF HANNOVER LIMITED	3,338	1,852	35,768	22,298	13,470	123%	-1,633
	JEVCO INSURANCE COMPANY	241,684	201,613	1,253,812	926,602	327,210	79%	131,387
	LEGACY GENERAL INSURANCE COMPANY	7,436	1,173	16,577	-3,910	20,487	28%	3,380
	NORTHBRIDGE COMMERCIAL INSURANCE CORPORATION	88,269	82,051	627,315	460,621	166,694	73%	-4,637
	NORTHBRIDGE GENERAL INSURANCE CORPORATION	208,108	26,379	3,281,334	2,559,149	722,185	78%	-58,192
	NORTHBRIDGE INDEMNITY INSURANCE COMPANY	24,012	17,636	674,066	512,151	161,915	106%	-17,928
	NORTHBRIDGE PERSONAL INSURANCE CORPORATION	120,976	16,569	768,116	611,065	157,051	94%	-35,406
	NOVEX INSURANCE COMPANY	158,673	107,824	911,350	670,371	240,979	62%	31,865
	OLD REPUBLIC INSURANCE COMPANY OF CANADA	55,657	47,054	223,936	171,956	51,980	77%	1,517
	OMEGA GENERAL INSURANCE COMPANY	8,580	9,288	41,884	31,676	10,208	71%	-813
	PAFCO INSURANCE COMPANY	72,714	35,803	268,301	186,680	81,621	45%	30,181

Property & Casualty Insurance Companies

NOTES	FINANCIAL SUMMARY Year ended December 31, 2012	ONTARIO BUSINESS		TOTAL COMPANY				
		Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of assets over liabilities	Claims Incurred to earned premium	Net Income/ (Loss)
	(in thousands)	$	$	$	$	$	%	$
	PEMBRIDGE INSURANCE COMPANY	136,777	75,902	481,453	330,509	150,944	63%	24,051
	PERTH INSURANCE COMPANY	75,052	10,397	428,114	357,111	71,003	61%	6,440
	PILOT INSURANCE COMPANY	-1,905	-38,594	686,004	594,215	91,789	-9%	33,585
	PMI MORTGAGE INSURANCE COMPANY CANADA	0	0	38,929	9,480	29,449	71%	3,341
	PRIMMUM INSURANCE COMPANY	280,183	219,221	1,685,575	1,449,597	235,978	81%	6,247
	QUEBEC ASSURANCE COMPANY	0	0	113,795	87,198	26,597	56%	4,897
	RBC GENERAL INSURANCE COMPANY	418,706	298,088	1,283,485	1,026,737	256,748	70%	48,691
	RBC INSURANCE COMPANY OF CANADA	235,984	151,883	501,432	359,614	141,818	55%	12,234
	ROYAL & SUN ALLIANCE INSURANCE COMPANY OF CANADA	591,827	355,579	4,181,348	3,375,537	805,811	56%	148,770
	S & Y INSURANCE COMPANY	-1,372	-7,393	175,942	143,837	32,105	51%	6,916
	SAFETY NATIONAL CASUALTY CORPORATION	0	-620	50,007	31,408	18,599	n/a	532
	SCOTIA GENERAL INSURANCE COMPANY	0	0	7,200	54	7,146	n/a	-11
	SCOTTISH & YORK INSURANCE CO. LIMITED	99,589	51,376	678,176	565,474	112,702	66%	20,311
	SECURITY NATIONAL INSURANCE COMPANY	921,956	167,027	6,124,211	5,133,705	990,506	82%	-1,897
7	TD DIRECT INSURANCE INC.	0	0	15,511	58	15,453	n/a	364
	TD GENERAL INSURANCE COMPANY	161,575	177,737	931,251	827,399	103,852	99%	-13,475
	TD HOME AND AUTO INSURANCE COMPANY	303,074	219,576	1,280,670	1,046,108	234,562	82%	9,197
	TEMPLE INSURANCE COMPANY	67,057	50,239	833,882	692,602	141,280	61%	15,954
	THE BOILER INSPECTION AND INSURANCE COMPANY OF CANADA	11,032	3,685	180,197	103,624	76,573	26%	20,350
	THE DOMINION OF CANADA GENERAL INSURANCE COMPANY	951,240	662,592	3,426,942	2,577,043	849,899	73%	65,539
	THE GUARANTEE COMPANY OF NORTH AMERICA	233,099	182,610	1,276,152	832,267	443,885	60%	30,210
	THE MISSISQUOI INSURANCE COMPANY	88	-48	486,912	363,273	123,639	61%	11,947
	THE NORDIC INSURANCE COMPANY OF CANADA	297,063	234,422	1,599,163	1,246,428	352,735	62%	52,595
	THE NORTH WATERLOO FARMERS MUTUAL INSURANCE COMPANY	83,083	48,843	164,934	114,391	50,543	55%	6,569
	THE PERSONAL INSURANCE COMPANY	453,140	323,476	1,777,090	1,401,696	375,394	66%	66,952
	THE PORTAGE LA PRAIRIE MUTUAL INSURANCE COMPANY	45,302	26,861	407,164	285,358	121,806	68%	6,928
	THE SHIPOWNERS' MUTUAL PROTECTION AND INDEMNITY ASSOCIATION (LUXEMBOUR	2,216	1,311	36,046	23,296	12,750	78%	94
	THE SOVEREIGN GENERAL INSURANCE COMPANY	73,211	22,923	683,027	473,919	209,108	55%	28,625
	THE WAWANESA MUTUAL INSURANCE COMPANY	667,517	495,954	6,927,705	4,378,179	2,549,526	76%	219,732

Property & Casualty Insurance Companies

NOTES	FINANCIAL SUMMARY Year ended December 31, 2012	ONTARIO BUSINESS		TOTAL COMPANY				
		Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of assets over liabilities	Claims Incurred to earned premium	Net Income/ (Loss)
	(in thousands)	$	$	$	$	$	%	$
	TRADERS GENERAL INSURANCE COMPANY	301,705	139,066	1,237,699	1,038,466	199,233	63%	46,221
	TRAFALGAR INSURANCE COMPANY OF CANADA	157,517	95,519	744,262	567,193	177,069	62%	29,852
	TRAVELERS INSURANCE COMPANY OF CANADA	60,228	32,307	843,192	464,691	378,501	12%	53,431
	TRISURA GUARANTEE INSURANCE COMPANY	27,024	7,041	135,171	85,506	49,665	29%	5,157
	UNIFUND ASSURANCE COMPANY	542,881	523,685	1,817,604	1,553,560	264,044	88%	-62,731
	WATERLOO INSURANCE COMPANY	98,925	54,074	394,206	321,625	72,581	61%	6,496
	WESTERN ASSURANCE COMPANY	158,794	80,254	816,035	695,536	120,499	56%	23,823
	WESTERN FINANCIAL INSURANCE COMPANY	19,602	11,511	50,862	31,527	19,335	54%	2,169
	WESTERN SURETY COMPANY	2,833	-331	45,406	24,048	21,358	1%	3,564
8	WYNWARD INSURANCE GROUP	14,328	4,599	100,847	70,646	30,201	43%	5,660
	ZENITH INSURANCE COMPANY	60,192	83,789	250,480	192,421	58,059	125%	-24,798
		16,462,998	**9,077,865**	**104,303,530**	**76,082,654**	**28,220,876**		**3,065,992**
	BRANCH							
	AFFILIATED FM INSURANCE COMPANY	36,779	18,403	309,771	184,561	125,210	113%	-12,288
	ALLIANZ GLOBAL RISKS US INSURANCE COMPANY	96,069	36,742	824,522	640,778	183,744	85%	1,174
	ALLSTATE INSURANCE COMPANY	0	0	7,536	1,029	6,507	n/a	1,161
	AMERICAN BANKERS INSURANCE COMPANY OF FLORIDA	172,253	15,953	510,781	367,237	143,544	28%	8,212
	ARCH INSURANCE COMPANY	74,692	55,129	428,744	308,656	120,088	88%	-6,744
	ATRADIUS CREDIT INSURANCE N.V.	3,968	-639	21,287	12,722	8,565	5%	1,570
	BERKLEY INSURANCE COMPANY	20,180	14,975	142,726	96,064	46,662	74%	-5,984
	CHEROKEE INSURANCE COMPANY	3,770	2,902	16,788	6,125	10,663	87%	143
	CHICAGO TITLE INSURANCE COMPANY	14,507	5,060	42,806	23,833	18,973	27%	5,394
	COMPAGNIE FRANCAISE D'ASSURANCE POUR LE COMMERCE EXTERIEUR	9,575	10	74,036	29,871	44,165	23%	7,083
	CONTINENTAL CASUALTY COMPANY	103,877	58,424	1,155,970	741,618	414,352	60%	40,714
	COREPOINTE INSURANCE COMPANY	22	-1,851	20,909	5,354	15,555	-1975%	1,349
	DARWIN NATIONAL ASSURANCE COMPANY	0	0	21,852	457	21,395	72%	13
	ECCLESIASTICAL INSURANCE OFFICE PUBLIC LIMITED COMPANY	19,647	9,635	148,902	87,807	61,095	53%	1,051
	ELECTRIC INSURANCE COMPANY	2,463	2,639	40,436	17,483	22,953	-246%	1,016
	EMPLOYERS INSURANCE COMPANY OF WAUSAU	0	135	34,235	3,081	31,154	n/a	1,049
	EULER HERMES NORTH AMERICA INSURANCE COMPANY	23,725	5,495	94,180	46,395	47,785	30%	3,933

Property & Casualty Insurance Companies

NOTES	FINANCIAL SUMMARY Year ended December 31, 2012	ONTARIO BUSINESS		TOTAL COMPANY				
		Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of assets over liabilities	Claims Incurred to earned premium	Net Income/ (Loss)
	(in thousands)	$	$	$	$	$	%	$
	FACTORY MUTUAL INSURANCE COMPANY	70,495	61,940	882,811	429,347	453,464	50%	89,505
	FEDERAL INSURANCE COMPANY	704	237	156,897	79,798	77,099	17%	7,153
	FIDELITY NATIONAL TITLE INSURANCE COMPANY	0	-21	6,254	187	6,067	n/a	-6
	FIRST AMERICAN TITLE INSURANCE COMPANY	14,319	2,855	63,321	28,142	35,179	27%	6,720
	GENERAL REINSURANCE CORPORATION	0	0	436,108	262,176	173,932	-11%	34,235
	GREAT AMERICAN INSURANCE COMPANY	20,320	23,054	284,140	130,827	153,313	75%	-3,617
	HARTFORD FIRE INSURANCE COMPANY	4,809	2,630	168,762	39,019	129,743	63%	4,527
	HDI-GERLING INDUSTRIE VERSICHERUNG AG	4,862	1,752	42,994	21,825	21,169	128%	-228
9	ICAROM PUBLIC LIMITED COMPANY	0	0	0	0	0	n/a	0
	JEWELERS MUTUAL INSURANCE COMPANY	3,654	4,772	12,337	6,414	5,923	108%	-2,203
	LIBERTY MUTUAL INSURANCE COMPANY	89,331	100,776	1,530,370	896,055	634,315	74%	22,179
	LLOYD'S UNDERWRITERS	488,281	214,489	6,630,263	4,758,863	1,871,400	51%	506,992
	MITSUI SUMITOMO INSURANCE COMPANY, LIMITED	12,908	6,370	94,890	56,014	38,876	45%	5,276
	MOTORS INSURANCE CORPORATION	141,802	92,164	674,690	420,478	254,212	65%	43,521
	MUNICH REINSURANCE AMERICA, INC.	0	1,298	220,228	116,860	103,368	85%	3,041
	NATIONAL LIABILITY & FIRE INSURANCE COMPANY	4,351	1,794	447,354	261,045	186,309	65%	6,858
	NIPPONKOA INSURANCE COMPANY, LIMITED	706	25	36,049	3,004	33,045	2%	1,249
10	PROGRESSIVE CASUALTY INSURANCE COMPANY	0	601	12,449	4,747	7,702	-100%	-525
	PROTECTIVE INSURANCE COMPANY	850	363	13,030	4,215	8,815	47%	207
11	RELIANCE INSURANCE COMPANY	0	0	0	0	0	n/a	0
	SECURITY INSURANCE COMPANY OF HARTFORD	0	1,255	58,235	15,474	42,761	n/a	2,377
	SENTRY INSURANCE A MUTUAL COMPANY	702	52	36,932	5,707	31,225	27%	853
	SOMPO JAPAN INSURANCE INC.	3,210	778	49,956	8,832	41,124	26%	2,268
	ST. PAUL FIRE AND MARINE INSURANCE COMPANY	62,322	29,484	1,302,354	668,040	634,314	43%	43,032
	STATE FARM FIRE AND CASUALTY COMPANY	441,418	242,619	1,402,716	704,854	697,862	55%	93,194
	STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY	1,192,542	1,022,798	6,812,944	5,224,260	1,588,684	86%	139,594
	STEWART TITLE GUARANTY COMPANY	74,752	11,721	199,895	96,228	103,667	16%	21,349
	SUNDERLAND MARINE MUTUAL INSURANCE COMPANY	521	191	57,405	45,033	12,372	60%	-2,130
	T.H.E. INSURANCE COMPANY	163	71	2,769	378	2,391	72%	-117

Property & Casualty Insurance Companies

NOTES	FINANCIAL SUMMARY Year ended December 31, 2012	ONTARIO BUSINESS		TOTAL COMPANY				
		Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of assets over liabilities	Claims Incurred to earned premium	Net Income/ (Loss)
	(in thousands)	$	$	$	$	$	%	$
	THE AMERICAN ROAD INSURANCE COMPANY	1,781	1,220	21,135	663	20,472	100%	3
12	TIG INSURANCE COMPANY	0	1,558	20,748	3,092	17,656	n/a	-1,343
	TOKIO MARINE & NICHIDO FIRE INSURANCE CO., LTD.	12,465	8,948	123,297	60,789	62,508	49%	4,828
	TRITON INSURANCE COMPANY	15,600	3,533	145,971	82,820	63,151	21%	26,525
13	UTICA MUTUAL INSURANCE COMPANY	0	-25	3,887	241	3,646	-205%	-64
	VIRGINIA SURETY COMPANY, INC.	11,219	5,883	39,033	21,844	17,189	90%	-207
	WESTPORT INSURANCE CORPORATION	61,102	9,451	725,447	598,375	127,072	54%	18,181
	XL INSURANCE COMPANY LIMITED	42,342	27,252	558,361	338,611	219,750	65%	7,321
	XL REINSURANCE AMERICA INC.	9,544	4,594	391,497	252,951	138,546	50%	15,053
	ZURICH INSURANCE COMPANY LTD	351,308	181,316	3,116,652	2,445,673	670,979	67%	67,279
		3,719,910	**2,290,810**	**30,677,662**	**20,665,952**	**10,011,710**		**1,211,726**
	TOTAL	**21,463,448**	**12,116,957**	**148,447,091**	**105,835,091**	**42,612,000**		**4,737,015**

Life Insurance Companies

NOTES	FINANCIAL SUMMARY year ended December 31, 2012 (in thousands)	ONTARIO BUSINESS		TOTAL COMPANY			
		Direct Written Premiums $	Benefits and payments to policyholders $	Total Assets $	Total liabilities $	Excess of assets over liabilities $	Net Income / (loss) $
	ONTARIO						
14	UNION OF CANADA LIFE INSURANCE	0	0	0	0	0	0
	EXTRA PROVINCIAL						
15	ACADIA LIFE	0	0	0	0	0	0
	ASSUMPTION MUTUAL LIFE INSURANCE COMPANY	21,550	7,841	1,283,121	1,184,016	99,105	4,558
16	CANASSURANCE INSURANCE COMPANY	3,192	1,249	142,149	115,442	26,707	-3,615
	DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY	583,007	447,040	25,188,712	23,300,858	1,887,854	163,148
	FIRST CANADIAN INSURANCE CORPORATION	22,470	2,357	418,600	251,867	166,733	19,777
17	HUMANIA ASSURANCE INC.	485	247	366,845	317,536	49,309	3,400
	INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC.	815,886	595,418	39,407,389	36,115,324	3,292,065	342,135
	LA CAPITALE INSURANCE AND FINANCIAL SERVICES INC.	72,094	41,173	788,954	652,920	136,034	9,262
	LS-TRAVEL INSURANCE COMPANY	4,519	1,574	15,441	9,576	5,865	749
	NATIONAL BANK LIFE INSURANCE COMPANY	11,594	2,766	142,617	90,862	51,755	5,981
18	PROMUTUEL LIFE INC.	0	0	0	0	0	0
	SSQ, LIFE INSURANCE COMPANY INC.	180,177	110,602	8,049,322	7,671,635	377,687	42,162
	THE UNION LIFE MUTUAL ASSURANCE COMPANY (UNION LIFE)	7,160	100	1,712,128	1,533,267	178,861	16,370
	TRANS GLOBAL LIFE INSURANCE COMPANY	4,065	345	8,737	2,142	6,595	854
		1,726,199	**1,210,712**	**77,524,015**	**71,245,445**	**6,278,570**	**604,781**
	FEDERAL						
	ACE INA LIFE INSURANCE	67,228	15,431	188,853	92,468	96,385	10,096
	ALLSTATE LIFE INSURANCE COMPANY OF CANADA	0	0	3,748	7	3,741	52
	ASSURANT LIFE OF CANADA	94,62	39,442	1,303,175	1,207,920	95,255	8,336
	BMO LIFE ASSURANCE COMPANY	365,885	244,848	6,738,832	6,048,145	690,687	10,303
	BMO LIFE INSURANCE COMPANY	14,058	1,752	665,430	106,918	558,512	21,040
	CANADIAN PREMIER LIFE INSURANCE COMPANY	76,628	18,229	212,860	122,702	90,158	14,335
	CIBC LIFE INSURANCE COMPANY LIMITED	19,722	4,599	67,160	-85,054	152,214	23,759
	CIGNA LIFE INSURANCE COMPANY OF CANADA	0	1,869	59,427	32,258	27,169	7,783
	COMPCORP LIFE INSURANCE COMPANY	0	0	10,000	511	9,489	-54
	CO-OPERATORS LIFE INSURANCE COMPANY	250,267	159,916	4,887,040	4,064,514	822,526	7,227
19	CROWN LIFE INSURANCE COMPANY	0	0	0	0	0	0

Life Insurance Companies

NOTES	FINANCIAL SUMMARY year ended December 31, 2012 (in thousands)	ONTARIO BUSINESS Direct Written Premiums $	ONTARIO BUSINESS Benefits and payments to policyholders $	TOTAL COMPANY Total Assets $	TOTAL COMPANY Total liabilities $	TOTAL COMPANY Excess of assets over liabilities $	TOTAL COMPANY Net income / (loss) $
20	CT FINANCIAL ASSURANCE COMPANY	2,753	914	44,720	31,466	13,254	744
	CUMIS LIFE INSURANCE COMPANY	59,859	31,133	1,138,140	887,335	250,805	1,475
	FORESTERS LIFE INSURANCE COMPANY	90,642	69,366	1,511,028	1,366,950	144,078	-2,907
	LONDON LIFE INSURANCE COMPANY	1,355,136	1,277,396	68,845,012	65,542,687	3,302,325	354,418
	MANULIFE CANADA LTD.	30,562	18,633	2,099,258	1,720,627	378,631	-18,885
	MD LIFE INSURANCE COMPANY	0	0	3,197,573	3,187,295	10,278	6,306
	PENNCORP LIFE INSURANCE COMPANY	26,971	9,779	501,094	385,854	115,240	11,795
	PRIMERICA LIFE INSURANCE COMPANY OF CANADA	131,264	44,510	2,708,768	2,468,637	240,131	85,065
	RBC LIFE INSURANCE COMPANY	543,967	301,589	9,066,490	7,539,819	1,526,671	96,589
	RELIABLE LIFE INSURANCE COMPANY	31,455	16,796	49,715	18,553	31,162	1,399
	SCOTIA LIFE INSURANCE COMPANY	20,274	1,224	89,575	-30,906	120,481	30,640
	SUN LIFE ASSURANCE COMPANY OF CANADA	3,971,306	3,229,641	154,620,990	142,889,705	11,731,285	1,345,142
	SUN LIFE INSURANCE (CANADA) LIMITED	87,650	10,612	14,046,252	12,479,510	1,566,742	252,641
	TD LIFE INSURANCE COMPANY	43,114	11,458	74,827	24,812	50,015	2,785
	THE CANADA LIFE ASSURANCE COMPANY	1,667,438	1,492,288	42,592,768	33,422,136	9,170,632	1,104,192
	THE EMPIRE LIFE INSURANCE COMPANY	441,043	296,528	10,676,035	9,776,229	899,806	78,885
	THE EQUITABLE LIFE INSURANCE COMPANY OF CANADA	278,959	175,893	2,934,528	2,570,824	363,704	44,656
	THE GREAT-WEST LIFE ASSURANCE COMPANY	2,497,447	2,017,883	46,987,288	33,101,711	13,885,577	1,744,795
	THE MANUFACTURERS LIFE INSURANCE COMPANY	4,456,904	3,769,754	135,927,982	106,045,139	29,882,843	1,782,363
	THE STANDARD LIFE ASSURANCE COMPANY OF CANADA	418,643	519,819	43,357,983	40,939,595	2,418,388	427,987
	THE WAWANESA LIFE INSURANCE COMPANY	28,145	18,229	881,244	754,557	126,687	608
	TRANSAMERICA LIFE CANADA	258,623	194,624	10,149,795	8,998,371	1,151,424	44,102
	VSP CANADA VISION CARE INSURANCE	19	20	9,813	108	9,705	-314
	WESTERN LIFE ASSURANCE COMPANY	36,320	10,479	174,736	133,638	41,098	10,568
		17,366,911	**14,004,654**	**565,822,139**	**485,845,041**	**79,977,098**	**7,507,926**
	BRANCH						
	AETNA LIFE INSURANCE COMPANY	977	1,068	66,584	14,288	52,296	2,028
	ALLIANZ LIFE INSURANCE COMPANY OF NORTH AMERICA	14	163	73,572	35,232	38,340	1,744
	AMERICAN BANKERS LIFE ASSURANCE COMPANY OF FLORIDA	114,165	11,019	191,072	106,552	84,520	10,179
	AMERICAN HEALTH AND LIFE INSURANCE COMPANY	4,774	1,181	26,844	14,996	11,848	6,874
	AMERICAN INCOME LIFE INSURANCE COMPANY	26,680	4,493	213,905	112,048	101,857	24,726

Life Insurance Companies

NOTES	FINANCIAL SUMMARY year ended December 31, 2012 (in thousands)	ONTARIO BUSINESS		TOTAL COMPANY			
		Direct Written Premiums $	Benefits and payments to policyholders $	Total Assets $	Total liabilities $	Excess of assets over liabilities $	Net Income / (loss) $
	AXA EQUITABLE LIFE INSURANCE COMPANY	28	52	89,352	31,766	57,586	1,523
	CMFG LIFE INSURANCE COMPANY	134	416	20,679	14,207	6,472	1,264
	COMBINED INSURANCE COMPANY OF AMERICA	38,439	12,832	746,259	411,959	334,300	40,621
	CONNECTICUT GENERAL LIFE INSURANCE COMPANY	2,949	417	131,694	110,313	21,381	-4,047
	GERBER LIFE INSURANCE COMPANY	1,619	197	34,689	20,163	14,526	1,217
	HARTFORD LIFE INSURANCE COMPANY	0	1	10,659	4,784	5,875	-506
	HOUSEHOLD LIFE INSURANCE COMPANY	8,917	2,533	104,185	35,476	68,709	10,928
	LIBERTY LIFE ASSURANCE COMPANY OF BOSTON	210	449	14,851	2,258	12,593	-88
	LIFE INSURANCE COMPANY OF NORTH AMERICA	2,956	2,826	56,766	26,989	29,777	427
	MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY	468	310	86,845	26,158	60,687	1,856
21	METROPOLITAN LIFE INSURANCE COMPANY	0	0	110,891	105	110,786	2,103
	NEW YORK LIFE INSURANCE COMPANY	34,526	26,035	397,518	123,004	274,514	17,427
22	PHOENIX LIFE INSURANCE COMPANY	0	0	0	0	0	0
	PRINCIPAL LIFE INSURANCE COMPANY	179	219	7,770	7,195	575	-81
	REASSURE AMERICA LIFE INSURANCE COMPANY	3	36	6,793	5,946	847	-892
	STANDARD LIFE ASSURANCE LIMITED	3,703	24,644	1,600,190	1,593,812	6,378	73
	STATE FARM INTERNATIONAL LIFE INSURANCE COMPANY LTD	117,211	55,046	1,440,503	1,159,006	281,497	-31,121
	THE STANDARD LIFE ASSURANCE COMPANY 2006	0	0	1,324	0	1,324	12
	UNITED AMERICAN INSURANCE COMPANY	228	185	13,391	4,092	9,299	386
		358,180	**144,122**	**5,446,336**	**3,860,349**	**1,585,987**	**86,653**
	TOTAL	**19,451,290**	**15,359,488**	**648,792,490**	**560,950,835**	**87,841,655**	**8,199,360**

Reinsurance Companies

NOTES	FINANCIAL SUMMARY year ended December 31, 2012	ONTARIO BUSINESS		TOTAL COMPANY				
		Premiums Assumed	Net Losses Incurred	Total Assets	Total Liabilities	Excess of assets over liabilities	Claims incurred to earned premium	Net Income/ (loss)
	(in thousands)	$	$	$	$	$	%	$
	THIS TABLE LISTS ONLY THOSE COMPANIES WHICH ARE LICENSED SOLELY FOR THE BUSINESS OF REINSURANCE							
	ONTARIO							
	FARM MUTUAL REINSURANCE PLAN INC.	137,663	47,009	769,682	525,488	244,194	52%	54,633
	GLOBAL REINSURANCE COMPANY	1	750	64,929	37,937	26,992	211%	1,696
		137,664	**47,759**	**834,611**	**563,425**	**271,186**		**56,329**
	EXTRA PROVINCIAL							
	OPTIMUM REASSURANCE INC.	47,165	6,714	2,292,620	2,224,379	68,241	n/a	9,065
	FEDERAL							
	ASPEN INSURANCE UK LIMITED	7,714	7,810	371,700	258,006	113,694	102%	-1,896
	AURIGEN REINSURANCE COMPANY	30,542	15,650	210,981	137,155	73,826	n/a	-3,760
	MUNICH REINSURANCE COMPANY OF CANADA	86,556	46,698	1,184,496	912,690	271,806	62%	44,969
	PARTNER REINSURANCE COMPANY OF THE U.S.	28,088	12,452	752,226	521,624	230,602	47%	23,625
	RGA LIFE REINSURANCE COMPANY OF CANADA	310,695	44,878	6,420,447	5,700,326	720,121	n/a	95,793
	SCOR CANADA REINSURANCE COMPANY	51,438	6,326	587,983	447,071	140,912	76%	2,624
	SUECIA REINSURANCE COMPANY	3	-78	9,704	3,815	5,889	-2600%	-103
	THE CANADA LIFE INSURANCE COMPANY OF CANADA	549,842	406,502	10,466,112	9,691,103	775,009	n/a	27,976
	THE MORTGAGE INSURANCE COMPANY OF CANADA	0	3	14,545	4,098	10,447	2%	270
		1,064,878	**540,241**	**20,018,194**	**17,675,888**	**2,342,306**		**189,498**
	BRANCH							
	ALEA (BERMUDA) LTD.	34	181	27,601	14,705	12,896	n/a	458
	AMERICAN AGRICULTURAL INSURANCE COMPANY	10,285	2,784	65,503	27,502	38,001	50%	4,781
	AXIS REINSURANCE COMPANY	5,159	6,991	218,187	184,096	34,091	80%	-5,450
	CAISSE CENTRALE DE REASSURANCE	17,139	10,370	228,540	170,180	58,360	72%	2,238
23	CAVELL INSURANCE COMPANY LIMITED	0	0	0	0	0	n/a	0
	COLISEE RE.	-924	-9,722	302,903	213,346	89,557	n/a	17,201
	CONVERIUM REINSURANCE (NORTH AMERICA) INC.	0	0	11,336	1,241	10,095	n/a	630
	EMPLOYERS REASSURANCE CORPORATION	68,678	56,223	966,178	-170,371	1,136,549	n/a	144,189
	EVEREST REINSURANCE COMPANY	79,492	31,653	973,900	643,052	330,848	62%	26,719
	GENERAL AMERICAN LIFE INSURANCE COMPANY	100,503	77,079	2,144,046	1,192,955	951,091	n/a	266,936
	GENERAL RE LIFE CORPORATION	362	-286	13,476	2,259	11,217	n/a	1,335

Reinsurance Companies

NOTES	FINANCIAL SUMMARY year ended December 31, 2012	ONTARIO BUSINESS		TOTAL COMPANY				
		Premiums Assumed	Net Losses Incurred	Total Assets	Total Liabilities	Excess of assets over liabilities	Claims incurred to earned premium	Net Income/ (loss)
	(in thousands)	$	$	$	$	$	%	$
	HANNOVER RÜCK SE	110,578	52,816	726,482	535,835	190,647	82%	7,931
	MUNICH REINSURANCE COMPANY	4,135,277	3,162,904	5,807,275	2,849,973	2,957,302	n/a	411,961
24	NATIONWIDE MUTUAL INSURANCE COMPANY	0	0	0	0	0	n/a	0
25	NRG VICTORY REINSURANCE LIMITED	0	83	7,816	3,391	4,425	n/a	-165
	ODYSSEY REINSURANCE COMPANY	33,799	29,089	366,013	193,167	172,846	83%	11,330
	PARTNER REINSURANCE COMPANY LTD.	6,793	3,852	197,198	125,286	71,912	n/a	37,054
26	PARTNER REINSURANCE EUROPE SE	13,587	3,837	342,405	285,412	56,993	n/a	-63,286
	RELIASTAR LIFE INSURANCE COMPANY	15	550	38,725	20,039	18,686	n/a	-440
	SCOR GLOBAL LIFE	27,136	9,870	498,002	314,742	183,260	n/a	11,609
	SIRIUS AMERICA INSURANCE COMPANY	2,928	1,724	95,932	38,764	57,168	22%	5,777
	SWISS REINSURANCE COMPANY LTD	568,209	24,365	9,222,094	6,712,420	2,509,674	9%	90,042
	THE TOA REINSURANCE COMPANY OF AMERICA	30,442	18,521	265,446	190,834	74,612	71%	6,816
	TRANSATLANTIC REINSURANCE COMPANY	38,845	38,645	585,316	290,526	294,790	83%	6,815
		5,248,337	**3,521,529**	**23,104,374**	**13,839,354**	**9,265,020**		**984,481**
	TOTAL	**6,498,044**	**4,116,243**	**46,249,799**	**34,303,046**	**11,946,753**		**1,239,373**

Reciprocal or Interinsurance Exchanges

NOTES	FINANCIAL SUMMARY year ended December 31, 2012 (in thousands)	ONTARIO BUSINESS Direct Written Premiums $	ONTARIO BUSINESS Direct Claims Incurred $	TOTAL BUSINESS Total Assets $	TOTAL BUSINESS Total Liabilities $	TOTAL BUSINESS Excess of assets over liabilities $	TOTAL BUSINESS Claims Incurred to earned premium %	TOTAL BUSINESS Net Income/ (Loss) $
	ONTARIO							
	CANADIAN UNIVERSITIES RECIPROCAL INSURANCE EXCHANGE	11,114	4,912	129,119	68,619	60,500	38%	14,244
	COMMUNITY NEWSPAPERS RECIPROCAL INSURANCE EXCHANGE	84	27	617	167	450	19%	-32
	HEALTHCARE INSURANCE RECIPROCAL OF CANADA	134,078	98,546	973,927	650,530	323,397	85%	48,201
	MUNICIPAL ELECTRIC ASSOCIATION RECIPROCAL INSURANCE EXCHANGE	9,406	5,726	77,192	24,909	52,283	62%	2,446
	ONTARIO MUNICIPAL INSURANCE EXCHANGE	16,589	40,837	146,693	132,454	14,239	150%	-6,706
	ONTARIO SCHOOL BOARDS' INSURANCE EXCHANGE	38,763	34,860	230,295	156,270	74,025	85%	9,232
	POULTRY INSURANCE EXCHANGE RECIPROCAL OF CANADA	975	480	4,601	2,061	2,540	59%	4
		211,009	**185,388**	**1,562,444**	**1,035,010**	**527,434**		**67,389**
	EXTRA PROVINCIAL							
	CANADIAN AIRPORTS RECIPROCAL INSURANCE EXCHANGE (CARIE)	240	2	5,310	1,845	3,465	1%	435
27	CANADIAN EGG INDUSTRY RECIPROCAL ALLIANCE	0	0	0	0	0	N/A	0
28	CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY	8,846	3,604	97,455	85,655	11,800	83%	-6,014
		9,086	**3,606**	**102,765**	**87,500**	**15,265**		**-5,579**
	BRANCH							
	LUMBERMEN'S UNDERWRITING ALLIANCE	-847	-63	55,990	33,774	22,216	336%	-6,330
	TOTAL	**219,248**	**188,931**	**1,721,199**	**1,156,284**	**564,915**		**55,480**

Fraternal Societies

NOTES	FINANCIAL SUMMARY year ended December 31, 2012 (in thousands)	ONTARIO BUSINESS		TOTAL COMPANY			
		Direct Written Premiums $	Benefits and payments to policyholders $	Total Assets $	Total Liabilities $	Excess of assets over liabilities $	Net Income / (loss) $
	ONTARIO						
	GUARANTEED FUNERAL DEPOSITS OF CANADA (FRATERNAL)	31,487	31,558	279,363	274,409	4,954	69
	TORONTO POLICE WIDOWS AND ORPHANS FUND	1,714	2,241	94,237	86,894	7,343	1,322
		33,201	**33,799**	**373,600**	**361,303**	**12,297**	**1,391**
	FEDERAL						
	ACTRA FRATERNAL BENEFIT SOCIETY	8,740	5,257	568,194	546,687	21,507	4
	FAITHLIFE FINANCIAL	13,415	16,107	486,775	445,158	41,617	1,021
	SONS OF SCOTLAND BENEVOLENT ASSOCIATION	1,217	600	15,871	12,647	3,224	140
	TEACHERS LIFE INSURANCE SOCIETY (FRATERNAL)	9,524	5,541	63,724	50,542	13,182	54
	THE GRAND ORANGE LODGE OF BRITISH AMERICA	1,202	937	26,324	22,113	4,211	95
	THE INDEPENDENT ORDER OF FORESTERS	15,999	0	4,760,856	3,251,233	1,509,623	0
	THE ORDER OF ITALO-CANADIANS	23	64	1,494	904	590	112
	UKRAINIAN FRATERNAL SOCIETY OF CANADA	9	64	10,996	9,423	1,573	52
		50,129	**28,570**	**5,934,234**	**4,338,707**	**1,595,527**	**1,478**
	BRANCH						
	CROATIAN FRATERNAL UNION OF AMERICA	525	257	13,347	11,667	1,680	-336
	KNIGHTS OF COLUMBUS	70,470	46,202	2,936,532	2,101,745	834,787	-57,584
	THE ROYAL ARCANUM, SUPREME COUNCIL OF	193	549	13,377	8,873	4,504	316
	UKRAINIAN NATIONAL ASSOCIATION	36	165	8,258	5,999	2,259	212
	UNITED COMMERCIAL TRAVELERS OF AMERICA, ORDER OF	78	82	5,187	3,430	1,757	64
		71,302	**47,255**	**2,976,701**	**2,131,714**	**844,987**	**-57,328**
	TOTAL	**154,632**	**109,624**	**9,284,535**	**6,831,724**	**2,452,811**	**-54,459**

Financial Summary Notes

1. No financial information was reported for Markham General Insurance Company in 2012. The company was ordered into liquidation effective July 24, 2002.
2. The company's licence is limited to automobile risks of Toronto Transit Commission.
3. The former name of AIG Insurance Company of Canada was Chartis Insurance Company of Canada.
4. No financial information was reported for Alta Surety Company in 2012. Company has been in liquidation since June 2002.
5. The company has a licence condition not to undertake or renew insurance contracts in Ontario after October 25, 1993.
6. No financial information was reported for Granite Insurance Company in 2012. Company has been inactive since November 1992.
7. The company has a licence condition not to undertake or renew insurance contracts in Ontario after May 30, 1995.
8. The former name of Wynward Insurance Group was Grain Insurance and Guarantee Company.
9. The company has a licence condition not to undertake or renew insurance contracts in Ontario after October 31, 1985.
10. The company has a licence condition not to undertake or renew insurance contracts in Ontario after January 9, 2006.
11. No financial information was reported for Reliance Insurance Company in 2012 Company has been in liquidation since August 2001.
12. The company has a licence condition not to undertake or renew insurance contracts in Ontario after June 20, 2007.
13. The company has a licence condition not to undertake or renew insurance contracts in Ontario after November 20, 2006.
14. No financial information was reported in 2012 for Union of Canada Life Insurance. Company is in process of liquidation.
15. No financial information was reported in 2012 for Acadia Life.
16. Company is licenced to write both life and property and casualty insurance.
17. The former name of Humania Assurance Inc. was La Survivance, Compagnie Mutuelle D'Assurance Vie.
18. No financial information was reported in 2012 for Promutuel Life Inc. Company is in process of winding down.
19. No financial information was reported in 2012 for Crown Life Insurance Company. Company is in process of liquidation.
20. CT Financial Assurance company continued under federal supervision as of February 29, 2012.
21. The company has a licence condition not to undertake or renew insurance contracts in Ontario after March 9, 2006.
22. No financial information was received in 2012 for Phoenix Life Insurance Company.
23. The company has a licence condition not to undertake or renew insurance contracts in Ontario after October 1, 1993.
24. The company has a licence condition not to undertake or renew insurance contracts in Ontario after March 27, 2006.
25. The company has a licence condition which limits servicing of existing policy holders.
26. The former name of Partner Reinsurance Europe SE was Partner Reinsurance Europe Public Limited Company (Life Branch).
27. No financial information was received for the Canadian Egg Industry Reciprocal Alliance.
28. Company continued under Alberta's jurisdiction effective July 1, 2012.

Financial Services
Commission
of Ontario

Ontario

About the Financial Services Commission of Ontario

The Financial Services Commission of Ontario (FSCO) is a regulatory agency of the Ministry of Finance that regulates insurance, pension plans, loan and trust companies, credit unions, caissses populaires, mortgage brokering, and co-operative corporations in Ontario.

FSCO works with consumers, industry stakeholders and investors to enhance public confidence in, and access to, a fair and efficient financial services industry in Ontario.

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